

CSSRS

[DISCUSSION DRAFT]

April 3, 1986

[NOTE: SECTIONS SUBJECT TO REDESIGNATION.]

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.--This Act may be cited as the ``Civil
3 Service Supplemental Retirement System Act of 1986``.

4 (b) TABLE OF CONTENTS.--The table of contents is as
5 follows:

TABLE OF CONTENTS

[Sec. 1. Short title; table of contents.
Sec. 2. Purposes.

TITLE I--CIVIL SERVICE SUPPLEMENTAL RETIREMENT SYSTEM

Sec. 101. Establishment.

TITLE II--OTHER AMENDMENTS TO TITLE 5, UNITED STATES CODE

Sec. 201. Treatment under chapter 83 of certain individuals
excluded from chapter 84.

Sec. 202. Non-applicability of chapter 83 to individuals
under chapter 84.

Sec. 203. Pay for the Executive Director of the Federal
Retirement Thrift Investment Board.

Sec. 204. Miscellaneous amendments.

TITLE III--MISCELLANEOUS PROVISIONS

Sec. 301. Extension of Federal Employees' Retirement
Contribution Temporary Adjustment Act of 1983.

Sec. 302. Election to modify terms of participation under
chapter 83.

Sec. 303. Applicability to the United States Postal Service.

TITLE IV--AUTHORIZATION OF APPROPRIATIONS; EFFECTIVE DATES

Sec. 401. Authorization of appropriations for certain

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expenses of the Federal Retirement Thrift
Investment Management System.

Sec. 402. Effective dates.]

1 SEC. 2. PURPOSES.

2 The purposes of this Act are--

3 (1) to provide for a fully funded and financially
4 sound retirement benefits plan for Federal employees;

5 (2) to provide for portability of retirement assets
6 earned as an employee of the Federal Government;

7 (3) to provide options for Federal employees with
8 respect to retirement planning;

9 [(4) to include Federal employees in the investment
10 decisionmaking process with respect to the assets of the
11 retirement system;]

12 (5) to assist in building a quality career work force
13 in the Federal Government;

14 (6) to encourage Federal employees to increase
15 personal savings for retirement; and

16 (7) to extend financial protection from disability to
17 additional Federal employees and to increase such
18 protection for eligible Federal employees.

19 TITLE I--CIVIL SERVICE SUPPLEMENTAL RETIREMENT SYSTEM

20 SEC. 101. ESTABLISHMENT.

21 (a) IN GENERAL.--Title 5, United States Code, is amended
22 by inserting after chapter 83 the following new chapter:

23 [`CHAPTER 84--CIVIL SERVICE SUPPLEMENTAL RETIREMENT SYSTEM

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``SUBCHAPTER I--GENERAL PROVISIONS

- ``Sec.
- ``8401. Definitions.
- ``8402. Civil Service Supplemental Retirement System; exclusions.

``SUBCHAPTER II--DEFINED BENEFIT PLAN

- ``8410. Eligibility for annuity.
- ``8411. Creditable service.
- ``8412. Immediate retirement.
- ``8413. Deferred retirement.
- ``8414. Early retirement.
- ``8415. Computation of basic annuity.
- ``8416. Survivor reduction for a current spouse.
- ``8417. Survivor reduction for a former spouse.
- ``8418. Survivor elections; deposit; offsets.
- ``8419. Survivor reductions; computation.
- ``8420. Insurable interest reductions.
- ``8421. Annuity supplement.
- ``8422. Deductions from pay; contributions for military service.
- ``8423. Government contributions.
- ``8424. Lump-sum benefits; designation of beneficiary; order of precedence.
- ``8425. Mandatory separation.

``SUBCHAPTER III--THRIFT SAVINGS PLAN

- ``8431. Definitions.
- ``8432. Contributions.
- ``8433. Benefits.
- ``8434. Thrift Savings Fund.
- ``8435. Accounting.
- ``8436. Investments.
- ``8437. Information.

``SUBCHAPTER IV--SURVIVOR ANNUITIES

- ``8441. Definitions.
- ``8442. Rights of a widow or widower.
- ``8443. Rights of a child.
- ``8444. Rights of a named individual with an insurable interest.
- ``8445. Rights of a former spouse.

``SUBCHAPTER V--DISABILITY BENEFITS

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- 8451. Disability retirement.
- 8452. Computation of disability annuity.
- 8453. Application.
- 8454. Medical examination.
- 8455. Recovery; restoration of earning capacity.
- 8456. Relationship to workers' compensation.
- 8457. National Guard technicians.

``SUBCHAPTER VI--GENERAL AND ADMINISTRATIVE PROVISIONS

- 8461. Authority of the Office of Personnel Management.
- 8462. Cost-of-living adjustments.
- 8463. Rate of benefits.
- 8464. Commencement and termination of annuities of employees and Members.
- 8465. Waiver, allotment, and assignment of benefits.
- 8466. Application for benefits.
- 8467. Court orders.
- 8468. Annuities and pay on reemployment.
- 8469. Withholding of State income taxes.
- 8470. Exemption from legal process; recovery of payments.

``SUBCHAPTER VII--FEDERAL RETIREMENT THRIFT INVESTMENT MANAGEMENT SYSTEM

- 8471. Definitions.
- 8472. Federal Retirement Thrift Investment Board.
- 8473. Employee Thrift Advisory Council.
- 8474. Executive Director.
- 8475. Investment policies.
- 8476. Administrative provisions.
- 8477. Fiduciary responsibilities; liability and penalties.
- 8478. Bonding.
- 8479. Exculpatory provisions; insurance.]

1 ``SUBCHAPTER I--GENERAL PROVISIONS

2 ``§8401. Definitions

3 ``For the purpose of this chapter--

4 [``(1) the term 'account' means an account
5 established and maintained under section 8435(a) of this
6 title;]

7 ``(2) the term 'annuitant' means a former employee or

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1 Member who, on the basis of that individual's service,
2 meets all requirements for title to an annuity under
3 subchapter II or V of this chapter and files claim
4 therefor;

5 `` (3) the term 'average pay' means the largest annual
6 rate resulting from averaging an employee's or Member's
7 rates of basic pay in effect over any 3 consecutive years
8 of service or, in the case of an annuity under this
9 chapter based on service of less than 3 years, over the
10 total service, with each rate weighted by the period it
11 was in effect;

12 `` (4) the term 'basic pay' has the meaning given such
13 term by section 8331(3) of this title;

14 [`` (5) the term 'Board' means the Federal Retirement
15 Thrift Investment Board established by section 8472(a) of
16 this title;]

17 `` (6) the term 'Civil Service Retirement and
18 Disability Fund' or 'Fund' means the Civil Service
19 Retirement and Disability Fund under section 8348 of this
20 title;

21 [`` (7) the term 'court' means any court of any State, . . .
22 the District of Columbia, the Commonwealth of Puerto
23 Rico, Guam, the Northern Mariana Islands, or the Virgin
24 Islands, and any Indian court;]

25 `` (8) the term 'Director' means the Director of the

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1 Office of Personnel Management;

2 `` (9) the term `dynamic assumptions' means economic
3 assumptions that are used in determining actuarial costs
4 and liabilities of a retirement system and in
5 anticipating the effects of long-term future--

6 `` (A) investment yields;

7 `` (B) increases in rates of basic pay; and

8 `` (C) rates of price inflation;

9 [`` (10) the term `earnings', when used with respect
10 to the Thrift Savings Fund, means the amount of the gain
11 realized or yield received from the investment of sums in
12 such Fund;]

13 `` (11) the term `employee' means--

14 `` (A) an individual referred to in subparagraph
15 (A), (E), (F), (H), (I), or (J) of section 8331(1) of
16 this title; and

17 `` (B) a Congressional employee as defined in
18 section 2107 of this title, including a temporary
19 Congressional employee and an employee of the
20 Congressional Budget Office;

21 any of whose service after December 31, 1983, is
22 employment for the purposes of title II of the Social
23 Security Act and chapter 21 of the Internal Revenue Code
24 of 1954, except that such term does not include--

25 `` (i) any individual referred to in--

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1 ``(I) clause (i), (v), (vi), or (ix) of
2 paragraph (1) of section 8331 of this title;

3 ``(II) clause (ii) of such paragraph (other
4 than an employee of the United States Park
5 Police, or the United States Secret Service, any
6 of whose service after December 31, 1983, is such
7 employment); or

8 ``(III) the undesignated material after
9 clause (ix) of such paragraph; or

10 ``(ii) any individual excluded under section
11 8402(b) or (c) of this title;

12 ``(12) the term 'former spouse' means a former spouse
13 of an individual--

14 ``(A) if such individual performed at least 18
15 months of civilian service creditable under section
16 8411 of this title as an employee or Member; and

17 ``(B) if the former spouse was married to such
18 individual for at least 9 months;

19 [``(13) the term 'Executive Director' means the
20 Executive Director appointed under section 8474(a) of
21 this title;]

22 ``(14) the term 'firefighter' means--

23 ``(A) an employee, the duties of whose position--

24 ``(i) are primarily to perform work directly
25 connected with the control and extinguishment of

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1 fires; and

2 ``(ii) are sufficiently rigorous that
3 employment opportunities are required to be
4 limited to young and physically vigorous
5 individuals, as determined by the Director
6 considering the recommendations of the employing
7 agency; and

8 ``(B) an employee who is transferred directly to
9 a supervisory or administrative position after
10 performing duties described in subparagraph (A) for
11 at least 10 years;

12 ``(15) the term 'Government' means the Federal
13 Government and Gallaudet College;

14 ``(16) the term 'Indian court' has the meaning given
15 such term by section 8331(24) of this title;

16 ``(17) the term 'law enforcement officer' means--

17 ``(A) an employee, the duties of whose position--

18 ``(i) are primarily--

19 ``(I) the investigation, apprehension, or
20 detention of individuals suspected or
21 convicted of offenses against the criminal
22 laws of the United States, or

23 ``(II) the protection of officials of the
24 United States against threats to personal
25 safety; and

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1 ``(ii) are sufficiently rigorous that
2 employment opportunities are required to be
3 limited to young and physically vigorous
4 individuals, as determined by the Director
5 considering the recommendations of the employing
6 agency;

7 ``(B) an employee who is transferred directly to
8 a supervisory or administrative position after
9 performing duties described in subparagraph (A) for
10 at least 10 years; and

11 ``(C) an employee--

12 ``(i) of the Bureau of Prisons or Federal
13 Prison Industries, Incorporated;

14 ``(ii) of the Public Health Service assigned
15 to the field service of the Bureau of Prisons or
16 of the Federal Prison Industries, Incorporated;
17 or

18 ``(iii) in the field service at Army or Navy
19 disciplinary barracks or at confinement and
20 rehabilitation facilities operated by any of the
21 armed forces;

22 whose duties in connection with individuals in
23 detention suspected or convicted of offenses against
24 the criminal laws of the United States or of the
25 District of Columbia or offenses against the punitive

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1 articles of the Uniformed Code of Military Justice
2 (chapter 47 of title 10) require frequent (as
3 determined by the appropriate administrative
4 authority with the concurrence of the Office) direct
5 contact with these individuals in their detention,
6 direction, supervision, inspection, training,
7 employment, care, transportation, or rehabilitation;

8 [(18) the term 'loss', when used with respect to
9 the Thrift Savings Fund, means the amount of the loss
10 resulting from the investment of sums in such Fund;]

11 [(19) the term 'lump-sum credit' means the
12 unrefunded amount consisting of--

13 [(A) retirement deductions made from the basic
14 pay of an employee or Member under section 8422(a) of
15 this title (or under section 204 of the Federal
16 Employees' Retirement Contribution Temporary
17 Adjustment Act of 1983);

18 [(B) amounts deposited by an employee or Member
19 under section 8422(e) of this title; and

20 [(C) interest on the deductions and deposits
21 which, for any calendar year, shall be equal to the
22 overall average yield to the Fund during the
23 preceding fiscal year from all obligations purchased
24 by the Secretary of the Treasury during such fiscal
25 year under section 8348(c), (d), and (e) of this

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1 title, as determined by the Secretary;

2 but does not include interest--

3 `` (i) if the service covered thereby aggregates 1
4 year or less; or

5 `` (ii) for a fractional part of a month in the
6 total service;

7 `` (20) the term 'Member' has the same meaning as
8 provided in section 2106 of this title, except that such
9 term does not include an individual who irrevocably
10 elects, by written notice to the official by whom such
11 individual is paid, not to participate in the Civil
12 Service Supplemental Retirement System;

13 [`` (21) the term 'net earnings' means the excess of
14 earnings over losses;]

15 [`` (22) the term 'net losses' means the excess of
16 losses over earnings;]

17 `` (23) the term 'normal-cost percentage' means the
18 entry-age normal cost of the provisions of the System
19 which relate to the Fund, computed by the Office in
20 accordance with generally accepted actuarial practice and
21 standards (using dynamic assumptions) and expressed as a
22 level percentage of aggregate basic pay;

23 `` (24) the term 'Office' means the Office of
24 Personnel Management;

25 `` (25) the term 'price index' has the same meaning as

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1 provided in section 8331(15) of this title;

2 `` (26) the term 'service' means service which is
3 creditable under section 8411 of this title;

4 `` (27) the term 'supplemental liability' means the
5 estimated excess of--

6 `` (A) the actuarial present value of all future
7 benefits payable from the Fund under this chapter,
8 over

9 `` (B) the sum of--

10 `` (i) the actuarial present value of
11 deductions to be withheld from the future basic
12 pay of employees and Members currently subject to
13 this chapter pursuant to section 8422 of this
14 title;

15 `` (ii) the actuarial present value of the
16 future contributions to be made pursuant to
17 section 8423 of this title; and

18 `` (iii) the Fund balance as of the date the
19 supplemental liability is determined, to the
20 extent that such balance is attributable--

21 `` (I) to the System, or

22 `` (II) to contributions made under the
23 Federal Employees' Retirement Contribution
24 Temporary Adjustment Act by or on behalf of
25 an individual who became subject to the

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1 System;

2 ``(28) the term `survivor' means an individual
3 entitled to an annuity under subchapter IV of this
4 chapter;

5 ``(29) the term `System' means the Civil Service
6 Supplemental Retirement System described in section
7 8402(a) of this title;

8 ``(30) the term `military reserve technician' means a
9 member of one of the reserve components of the armed
10 forces specified in section 261(a) of title 10 who--

11 ``(A) is assigned to a civilian position as a
12 technician in the administration and training of such
13 reserve components or in the maintenance and repair
14 of supplies issued to such reserve components; and

15 ``(B) as a condition of employment in such
16 position, is required to be a member of one of such
17 reserve components serving in a specified military
18 grade; and

19 ``(31) the term `military service' means honorable
20 active service--

21 ``(A) in the armed forces;

22 ``(B) in the commissioned corps of the Public
23 Health Service after June 30, 1960; or

24 ``(C) in the commissioned corps of the National
25 Oceanic and Atmospheric Administration, or a

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1 predecessor entity in function, after June 30, 1961.

2 ``§8402. Civil Service Supplemental Retirement System;

3 exclusions

4 `` (a) The provisions of this chapter comprise the Civil
5 Service Supplemental Retirement System.

6 `` (b) The provisions of this chapter shall not apply with
7 respect to any individual--

8 `` (1) who has performed service of a type described
9 in subparagraph (C), (D), (E), or (F) of section
10 210(a)(5) of the Social Security Act continuously since
11 December 31, 1983 (determined in accordance with the
12 provisions of section 210(a)(5)(B) of the Social Security
13 Act, relating to continuity of employment); or

14 `` (2) who separates, or who has separated, from the
15 service after--

16 `` (A) having been an employee or Member subject
17 to subchapter III of chapter 83 of this title; and

18 `` (B) having completed at least 5 years of
19 civilian service creditable under such subchapter
20 (determined without regard to any deposit or
21 redeposit requirement under such subchapter, or any
22 requirement that the individual become subject to
23 such subchapter after performing the service
24 involved);

25 except to the extent provided for under title III of the

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1 Civil Service Supplemental Retirement System Act of 1986
2 pursuant to an election under such title to become subject to
3 this chapter.

4 `` (c)(1) The Office may exclude from the operation of
5 this chapter an employee or group of employees in or under an
6 Executive agency, the United States Postal Service, or the
7 Postal Rate Commission whose employment is temporary or
8 intermittent, except an employee whose employment is
9 part-time career employment (as defined in section 3401(2) of
10 this title).

11 `` (2) The Architect of the Capitol may exclude from the
12 operation of this chapter an employee under the Office of the
13 Architect of the Capitol whose employment is temporary or of
14 uncertain duration.

15 `` (3) The Librarian of Congress may exclude from the
16 operation of this chapter an employee under the Library of
17 Congress whose employment is temporary or of uncertain
18 duration.

19 `` (4) The Director or Acting Director of the Botanic
20 Garden may exclude from the operation of this chapter an
21 employee under the Botanic Garden whose employment is
22 temporary or of uncertain duration.

23 `` SUBCHAPTER II--DEFINED BENEFIT PLAN

24 `` §8410. Eligibility for annuity

25 `` Notwithstanding any other provision of this chapter, an

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1 employee or Member must complete at least 5 years of civilian
2 service creditable under section 8411 of this title in order
3 to be eligible for an annuity under this subchapter.

4 ``§8411. Creditable service

5 `` (a)(1) The total service of an employee or Member is
6 the full years and twelfth parts thereof, excluding from the
7 aggregate the fractional part of a month, if any.

8 `` (2) Credit may not be allowed for a period of
9 separation from the service in excess of 3 calendar days.

10 `` (b) For the purpose of this chapter, creditable service
11 of an employee or Member includes--

12 `` (1) employment as an employee and any service as a
13 Member (including the period from the date of the
14 beginning of the term for which elected or appointed to
15 the date of taking office as a Member);

16 `` (2) service with respect to which deductions and
17 withholdings under section 204(a)(1) of the Federal
18 Employees' Retirement Contribution Temporary Adjustment
19 Act of 1983 have been made; and

20 `` (3) any civilian service (performed before January
21 1, 1989, other than any service under paragraph (1) or
22 (2)) which, but for the provisions of section 8347(n) of
23 this title, would be creditable under subchapter III of
24 chapter 83 of this title (determined without regard to
25 any deposit or redeposit requirement under such

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1 subchapter or any requirement that the individual become
2 subject to such subchapter after performing the service
3 involved).

4 `` (c) (1) Except as provided in paragraph (2) or (3), an
5 employee or Member shall be allowed credit for--

6 `` (A) each period of military service performed
7 before January 1, 1957, and

8 `` (B) each period of military service performed after
9 December 31, 1956, and before the separation on which
10 title to annuity is based, if a deposit (including
11 interest, if any) is made with respect to such period in
12 accordance with section 8422(e) of this title.

13 `` (2) If an employee or Member is awarded retired pay
14 based on any period of military service, the service of the
15 employee or Member may not include credit for such period of
16 military service unless the retired pay is awarded--

17 `` (A) based on a service-connected disability--

18 `` (i) incurred in combat with an enemy of the
19 United States; or

20 `` (ii) caused by an instrumentality of war and
21 incurred in line of duty during a period of war as
22 defined by section 301 of title 38; or

23 `` (B) under chapter 67 of title 10.

24 `` (3) (A) An employee or Member who has made a deposit
25 under section 8334(j) of this title (or a similar prior

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1 provision of law) with respect to a period of military
2 service, and who has not taken a refund of such deposit--

3 ``(i) shall be allowed credit for such service
4 without regard to the deposit requirement under paragraph
5 (1)(B); and

6 ``(ii) is entitled to a refund equal to the
7 difference between--

8 ``(I) the amount deposited with respect to
9 such period under such section 8334(j) (or prior
10 provision), excluding interest; and

11 ``(II) the amount which would otherwise have
12 been required with respect to such period under
13 paragraph (1)(B).

14 ``(B) Subparagraph (A) shall not apply with respect to an
15 individual who becomes subject to this chapter pursuant to an
16 election under section 301 of the Civil Service Supplemental
17 Retirement System Act of 1986.

18 ``(d) Credit under this chapter shall be allowed for
19 leaves of absence without pay granted an employee while
20 performing military service, or while receiving benefits
21 under subchapter I of chapter 81 of this title. An employee
22 or former employee who returns to duty after a period of
23 separation is deemed, for the purpose of this subsection, to
24 have been on leave of absence without pay for that part of
25 the period in which that individual was receiving benefits

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1 under subchapter I of chapter 81 of this title. Credit may
2 not be allowed for so much of other leaves of absence without
3 pay as exceeds 6 months in the aggregate in a calendar year.
4 `` (e) Credit shall be allowed for periods of approved
5 leave without pay granted an employee to serve as a full-time
6 officer or employee of an organization composed primarily of
7 employees (as defined by section 8331(1) or 8401(11) of this
8 title), subject to the employee arranging to pay, through the
9 employee's employing agency, within 60 days after
10 commencement of such leave without pay, amounts equal to the
11 retirement deductions and agency contributions which would be
12 applicable under sections 8422(a) and 8423(a) of this title,
13 respectively, if the employee were in pay status. If the
14 election and all payments provided by this subsection are not
15 made, the employee may not receive credit for the periods of
16 leave without pay, notwithstanding the third sentence of
17 subsection (d).

18 ``§8412. Immediate retirement

19 `` (a) An employee or Member who is separated from the
20 service after attaining the applicable minimum retirement age
21 under subsection (h) and completing 30 years of service is
22 entitled to an annuity.

23 `` (b) An employee or Member who is separated from the
24 service after becoming 60 years of age and completing 20
25 years of service is entitled to an annuity.

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1 ``(c) An employee or Member who is separated from the
2 service after becoming 62 years of age and completing 5 years
3 of service is entitled to an annuity.

4 ``(d) An employee who is separated from the service,
5 except by removal for cause on charges of misconduct or
6 delinquency--

7 (1) after completing 25 years of service as a law
8 enforcement officer or firefighter, or any combination of
9 such service totaling at least 25 years, or

10 (2) after becoming 50 years of age and completing 20
11 years of service as a law enforcement officer or
12 firefighter, or any combination of such service totaling
13 at least 20 years,
14 is entitled to an annuity.

15 ``(e) An employee who is separated from the service,
16 except by removal for cause on charges of misconduct or
17 delinquency, after completing 25 years of service as an air
18 traffic controller, or after becoming 50 years of age and
19 completing 20 years of service as an air traffic controller,
20 is entitled to an annuity.

21 ``(f) A Member who is separated from the service, except
22 by resignation or expulsion--

23 ``(1) after completing 25 years of service, or

24 ``(2) after becoming 50 years of age and completing
25 20 years of service,

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1 is entitled to an annuity.

2 “(g) An employee or Member who is separated from the
3 service after attaining the applicable minimum retirement age
4 under subsection (h) and completing 10 years of service is
5 entitled to an annuity. This subsection shall not apply to an
6 employee or Member who is entitled to an annuity under any
7 other provision of this section.

8 “(h)(1) The applicable minimum retirement age under this
9 subsection is--

10 “(A) for an individual whose date of birth is before
11 January 1, 1948, 55 years of age;

12 “(B) for an individual whose date of birth is after
13 December 31, 1947, and before January 1, 1953, 55 years
14 of age plus the number of months in the age increase
15 factor determined under paragraph (2)(A);

16 “(C) for an individual whose date of birth is after
17 December 31, 1952, and before January 1, 1965, 56 years
18 of age;

19 “(D) for an individual whose date of birth is after
20 December 31, 1964, and before January 1, 1970, 56 years
21 of age plus the number of months in the age increase
22 factor determined under paragraph (2)(B); and

23 “(E) for an individual whose date of birth is after
24 December 31, 1969, 57 years of age.

25 “(2)(A) For an individual whose date of birth occurs

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1 during the 5-year period consisting of calendar years 1948
2 through 1952, the age increase factor shall be equal to two-
3 twelfths times the number of months in the period beginning
4 with January 1948 and ending with December of the year in
5 which the date of birth occurs.

6 `` (B) For an individual whose date of birth occurs during
7 the 5-year period consisting of calendar years 1965 through
8 1969, the age increase factor shall be equal to two-twelfths
9 times the number of months in the period beginning with
10 January 1965 and ending with December of the year in which
11 the date of birth occurs.

12 ``§8413. Deferred retirement

13 `` (a) An employee or Member who is separated from the
14 service, or transferred to a position in which the employee
15 or Member does not continue subject to this chapter, after
16 completing 5 years of service is entitled to an annuity
17 beginning at the age of 62 years.

18 `` (b)(1) An employee or Member who is separated from the
19 service, or transferred to a position in which the employee
20 or Member does not continue subject to this chapter, after
21 completing 10 years of service is entitled to an annuity
22 beginning on the date designated by the employee or Member in
23 a written election under this subsection. The date designated
24 under this subsection may not precede the date on which the
25 employee or Member attains the applicable minimum retirement

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1 age under section 8412(h) of this title and must precede the
2 date on which the employee or Member becomes 62 years of age.

3 `` (2) The election of an annuity under this subsection
4 shall not be effective unless--

5 `` (A) it is made at such time and in such manner as
6 the Office shall by regulation prescribe; and

7 `` (B) the employee or Member will not otherwise be
8 eligible to receive an annuity within 31 days after
9 filing the election.

10 `` (3) The election of an annuity under this subsection
11 extinguishes the right of the employee or Member to receive
12 any other annuity based on the service on which the annuity
13 under this subsection is based.

14 `` §8414. Early retirement

15 `` (a)(1) A member of the Senior Executive Service who is
16 removed from the Senior Executive Service for less than fully
17 successful executive performance (as determined under
18 subchapter II of chapter 43 of this title) after completing
19 25 years of service, or after becoming 50 years of age and
20 completing 20 years of service, is entitled to an annuity.

21 `` (2) A member of the Defense Intelligence Senior
22 Executive Service or the Senior Cryptologic Executive Service
23 who is removed from such service for less than fully
24 successful executive performance after completing 25 years of
25 service, or after becoming 50 years of age and completing 20

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1 years of service, is entitled to an annuity.

2 ``(b)(1) Except as provided in paragraphs (2) and (3) of
3 this subsection, an employee who--

4 ``(A) is separated from the service involuntarily,
5 except by removal for cause on charges of misconduct or
6 delinquency; or

7 ``(B) while serving in a geographic area designated
8 by the Director, is separated from the service
9 voluntarily during a period in which (as determined by
10 the Director)--

11 ``(i) the agency in which the employee is serving
12 is undergoing a major reorganization, a major
13 reduction in force, or a major transfer of function;
14 and

15 ``(ii) a significant percentage of the total
16 number of employees serving in such agency will be
17 separated or subject to an immediate reduction in the
18 rate of basic pay (without regard to subchapter VI of
19 chapter 53 of this title or comparable provisions);
20 after completing 25 years of service, or after becoming 50
21 years of age and completing 20 years of service, is entitled
22 to an annuity.

23 ``(2) An employee under paragraph (1) who is separated as
24 described in subparagraph (A) of such paragraph is not
25 entitled to an annuity under this subsection if the employee

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1 has declined a reasonable offer of another position in the
2 employee's agency for which the employee is qualified, and
3 the offered position is not lower than 2 grades (or pay
4 levels) below the employee's grade (or pay level) and is
5 within the employee's commuting area.

6 `` (3) Paragraph (1) shall not apply to an employee
7 entitled to an annuity under subsection (d) or (e) of section
8 8412 of this title.

9 `` (c) A military reserve technician who is separated from
10 technician service, after becoming 50 years of age and
11 completing 25 years of service, by reason of ceasing to
12 satisfy the condition described in section 8401(30)(B) is
13 entitled to an annuity.

14 `` §8415. Computation of basic annuity

15 `` (a) The annuity of an employee retiring under this
16 subchapter is 1 percent of that individual's average pay
17 multiplied by such individual's total service.

18 `` (b) The annuity of a Member, or former Member with
19 title to a Member annuity, retiring under this subchapter is
20 computed under subsection (a), except that if the individual
21 has had at least 5 years of service as a Member or
22 Congressional employee, or any combination thereof, so much
23 of the annuity as is computed with respect to either such
24 type of service (or a combination thereof), not exceeding a
25 total of 20 years, shall be computed by multiplying 1 7/10

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1 percent of the individual's average pay by the years of such
2 service.

3 “(c) The annuity of a Congressional employee, or former
4 Congressional employee, retiring under this subchapter is
5 computed under subsection (a), except that if the individual
6 has had at least 5 years of service as a Congressional
7 employee or Member, or any combination thereof, so much of
8 the annuity as is computed with respect to either such type
9 of service (or a combination thereof), not exceeding a total
10 of 20 years, shall be computed by multiplying $1\frac{7}{10}$ percent
11 of the individual's average pay by the years of such service.

12 “(d) The annuity of an employee retiring under
13 subsection (d) or (e) of section 8412 of this title or under
14 subsection (a) or (b) of section 8425 of this title is--

15 “(1) $1\frac{7}{10}$ percent of that individual's average pay
16 multiplied by so much of such individual's total service
17 as does not exceed 20 years; plus

18 “(2) 1 percent of that individual's average pay
19 multiplied by so much of such individual's total service
20 as exceeds 20 years.

21 “(e)(1) In computing an annuity under this subchapter
22 for an employee whose service includes service performed on a
23 part-time basis--

24 “(A) the average pay of the employee, to the extent
25 that it includes pay for service performed in any

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1 position on a part-time basis, shall be determined by
2 using the annual rate of basic pay that would be payable
3 for full-time service in the position; and

4 `` (B) the benefit so computed shall then be
5 multiplied by a fraction equal to the ratio which the
6 employee's actual service, as determined by prorating the
7 employee's total service to reflect the service that was
8 performed on a part-time basis, bears to the total
9 service that would be creditable for the employee if all
10 of the service had been performed on a full-time basis.

11 `` (2) For the purpose of this subsection, employment on a
12 part-time basis shall not be considered to include employment
13 on a temporary or intermittent basis.

14 `` (f) The annuity of an employee or Member retiring under
15 section 8412(g) or 8413(b) of this title is computed in
16 accordance with applicable provisions of this section, except
17 that the annuity shall be reduced by five-twelfths of 1
18 percent for each full month by which the commencement date of
19 the annuity precedes the 62nd anniversary of the birth of the
20 employee or Member.

21 `` §8416. Survivor reduction for a current spouse

22 `` (a)(1) If an employee or Member is married at the time
23 of retiring under this chapter, the reduction described in
24 section 8419(a) of this title shall be made unless the
25 employee or Member and the spouse jointly waive, by written

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1 election, any right which the spouse may have to a survivor
2 annuity under section 8442 of this title based on the service
3 of such employee or Member. A waiver under this paragraph
4 shall be filed with the Office under procedures prescribed by
5 the Office.

6 `` (2) Notwithstanding paragraph (1), an employee or
7 Member who is married at the time of retiring under this
8 chapter may waive the annuity for a surviving spouse without
9 the spouse's consent if the employee or Member establishes to
10 the satisfaction of the Office (in accordance with
11 regulations prescribed by the Office)--

12 `` (A) that the spouse's whereabouts cannot be
13 determined; or

14 `` (B) that, due to exceptional circumstances,
15 requiring the employee or Member to seek the spouse's
16 consent would otherwise be inappropriate.

17 `` (3) Except as provided in subsection (d), a waiver made
18 under this subsection shall be irrevocable.

19 `` (b)(1) Upon remarriage, a retired employee or Member
20 who was married at the time of retirement (including an
21 employee or Member whose annuity was not reduced to provide a
22 survivor annuity for the employee's or Member's spouse or
23 former spouse as of the time of retirement) may irrevocably
24 elect during such marriage, in a signed writing received by
25 the Office within 2 years after such remarriage or, if later,

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1 within 2 years after the death or remarriage of any former
2 spouse of such employee or Member who was entitled to a
3 survivor annuity under section 8445 of this title (or of the
4 last such surviving former spouse, if there was more than
5 one), a reduction in the employee's or Member's annuity under
6 section 8419(a) of this title for the purpose of providing an
7 annuity for such employee's or Member's spouse in the event
8 such spouse survives the employee or Member.

9 “(2) The election and reduction shall be effective the
10 first day of the second month after the election is received
11 by the Office, but not less than 9 months after the date of
12 the remarriage.

13 “(3) An election to provide a survivor annuity to an
14 individual under this subsection--

15 “(A) shall prospectively void any election made by
16 the employee or Member under section 8420 of this title
17 with respect to such individual; or

18 “(B) shall, if an election was made by the employee
19 or Member under such section 8420 with respect to a
20 different individual, prospectively void such election if
21 appropriate written application is made by such employee
22 or Member at the time of making the election under this
23 subsection.

24 “(4) Any election under this subsection made by an
25 employee or Member on behalf of an individual after the

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1 retirement of such employee or Member shall not be effective
2 if--

3 “(A) the employee or Member was married to such
4 individual at the time of retirement; and

5 “(B) annuity rights of such individual based on the
6 service of such employee or Member were then waived under
7 subsection (a).

8 “(c)(1) An employee or Member who is unmarried at the
9 time of retiring under this chapter and who later marries may
10 irrevocably elect, in a signed writing received by the Office
11 within 2 years after such employee or Member marries or, if
12 later, within 2 years after the death or remarriage of any
13 former spouse of such employee or Member who was entitled to
14 a survivor annuity under section 8445 of this title (or of
15 the last such surviving former spouse, if there was more than
16 one), a reduction in the current annuity of the retired
17 employee or Member, in accordance with section 8419(a) of
18 this title.

19 “(2)(A) The election and reduction shall take effect the
20 first day of the first month beginning 9 months after the
21 date of marriage. Any such election to provide a survivor
22 annuity for an individual--

23 “(i) shall prospectively void any election made by
24 the employee or Member under section 8420 of this title
25 with respect to such individual; or

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1 ``(ii) shall, if an election was made by the employee
2 or Member under such section 8420 with respect to a
3 different individual, prospectively void such election if
4 appropriate written application is made by such employee
5 or Member at the time of making the election under this
6 subsection.

7 ``(d)(1) An employee or Member--

8 ``(A) who is married on the date of retiring under
9 this chapter, and

10 ``(B) with respect to whose spouse a waiver under
11 subsection (a) has been made,
12 may, during the 18-month period beginning on such date, elect
13 to have a reduction made under section 8419 of this title in
14 order to provide a survivor annuity under section 8442 of
15 this title for such spouse.

16 ``(2)(A) An election under this subsection shall not be
17 effective unless the amount described in subparagraph (B) is
18 deposited into the Fund before the expiration of the 18-month
19 period referred to in paragraph (1).

20 ``(B) The amount to be deposited under this subparagraph
21 is equal to the sum of--

22 ``(i) the difference (for the period between the date
23 on which the annuity of the former employee or Member
24 commences and the date on which reductions pursuant to
25 the election under this subsection commence) between the

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1 amount paid to the former employee or Member under this
2 chapter and the amount which would have been paid if such
3 election had been made at the time of retirement; and

4 `` (ii) the costs associated with providing for the
5 election under this subsection.

6 The amount under clause (i) shall include interest, computed
7 at the rate of 6 percent a year.

8 `` (3) An annuity which is reduced pursuant to an election
9 by a former employee or Member under this subsection shall be
10 reduced by the same percentage as was in effect under section
11 8419 of this title as of the date of the employee's or
12 Member's retirement.

13 `` (4) Rights and obligations under this chapter resulting
14 from an election under this subsection shall be the same as
15 the rights and obligations which would have resulted had the
16 election been made at the time of retirement.

17 `` (5) The Office shall, on an annual basis, inform each
18 employee and Member who is eligible to make an election under
19 this subsection of the right to make such election and the
20 procedures and deadlines applicable in making any such
21 election.

22 `` §8417. Survivor reduction for a former spouse

23 `` (a) If an employee or Member has a former spouse who is
24 entitled to a survivor annuity as provided in section 8445 of
25 this title, the reduction described in section 8419(a) of

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1 this title shall be made.

2 ``(b)(1) An employee or Member who has a former spouse
3 may elect, under procedures prescribed by the Office, a
4 reduction in the annuity of the employee or Member under
5 section 8419(a) of this title in order to provide a survivor
6 annuity for such former spouse under section 8445 of this
7 title.

8 ``(2) An election under this subsection shall be made at
9 the time of retirement or, if later, within 2 years after the
10 date on which the marriage of the former spouse to the
11 employee or Member is dissolved.

12 ``(3) An election under this subsection--

13 ``(A) shall not be effective to the extent that it--

14 ``(i) conflicts with--

15 ``(I) any court order or decree referred to
16 in section 8445(a) of this title which was issued
17 .. before the date of such election; or

18 ``(II) any agreement referred to in such
19 section 8445(a) which was entered into before
20 such date; or

21 ``(ii) would cause the total of survivor
22 annuities payable under sections 8442 and 8445 of
23 this title, respectively, based on the service of the
24 employee or Member to exceed the amount which would
25 be payable to a widow or widower of such employee or

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1 Member under such section 8442 (determined without
2 regard to any reduction to provide for an annuity
3 under such section 8445); and

4 `` (B) shall not be effective, in the case of an
5 employee or Member who is then married, unless it is made
6 with the spouse's written consent.

7 The Office shall by regulation provide that subparagraph (B)
8 may be waived for either of the reasons set forth in section
9 8416(a)(2) of this title.

10 ``§8418. Survivor elections; deposit; offsets

11 `` (a)(1) An individual who makes an election under
12 subsection (b) or (c) of section 8416 of this title or
13 section 8417(b) of this title which is required to be made
14 within 2 years after the date of a prescribed event shall
15 deposit into the Fund, before the expiration of the 2-year
16 period involved, an amount determined by the Office (as
17 nearly as may be administratively feasible) to reflect the
18 amount by which the annuity of such individual would have
19 been reduced if the election had been in effect since the
20 date of retirement (or, if later, and in the case of an
21 election under such section 8416(b), since the date the
22 previous reduction in the annuity of such individual was
23 terminated under paragraph (1) or (2) of section 8419(b) of
24 this title), plus interest.

25 `` (2) Interest under paragraph (1) of this subsection

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1 shall be computed at the rate of 6 percent a year.

2 “(b) If the electing individual does not make the
3 deposit required under subsection (a), the Office shall
4 collect such amount by offset against such individual’s
5 annuity, up to a maximum of 25 percent of the net annuity
6 otherwise payable, and the individual is deemed to consent to
7 such offset.

8 “(c) Subsections (a) and (b) shall not apply if--

9 “(1) the employee or Member makes an election under
10 section 8416(b) or (c) of this title after having made an
11 election under section 8420 of this title; and

12 “(2) the election under such section 8420 becomes
13 void under subsection (b)(3) or (c)(2) of such section
14 8416.

15 “(d) The Office shall prescribe regulations under which
16 the survivor of an employee or Member may make a deposit
17 under this section.

18 “§8419. Survivor reductions; computation

19 “(a)(1) Except as provided in paragraph (2), the annuity
20 of an annuitant computed under section 8415 or 8452 of this
21 title shall be reduced by 10 percent if a survivor annuity,
22 or a combination of survivor annuities, under section 8442 or
23 8445 of this title (or both) are to be provided for.

24 “(2)(A) If no survivor annuity under section 8442 of
25 this title is to be provided for, but one or more survivor

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1 annuities under section 8445 of this title involving a total
2 of less than the entirety of the amount referred to in
3 subsection (b)(2) of such section are to be provided for, the
4 annuity of the annuitant involved (as computed under section
5 8415 or 8452 of this title) shall be reduced by an
6 appropriate percentage determined under subparagraph (B).

7 “(B) The Office shall prescribe regulations under which
8 an appropriate reduction under this paragraph, not to exceed
9 10 percent, shall be made.

10 “(b)(1) Any reduction in an annuity for the purpose of
11 providing a survivor annuity for the current spouse of a
12 retired employee or Member shall be terminated for each full
13 month--

14 “(A) after the death of the spouse; or

15 “(B) after the dissolution of the spouse's marriage
16 to the employee or Member, except that an appropriate
17 reduction shall be made thereafter if the spouse is
18 entitled, as a former spouse, to a survivor annuity under
19 section 8445 of this title.

20 “(2) Any reduction in an annuity for the purpose of
21 providing a survivor annuity for a former spouse of a retired
22 employee or Member shall be terminated for each full month
23 after the former spouse remarries before reaching age 55 or
24 dies. This reduction shall be replaced by appropriate
25 reductions under subsection (a) if the retired employee or

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1 Member has one or more of the following:

2 ``(A) another former spouse who is entitled to a
3 survivor annuity under section 8445 of this title;

4 ``(B) a current spouse to whom the employee or Member
5 was married at the time of retirement and with respect to
6 whom a survivor annuity was not waived under section
7 8416(a) of this title (or, if waived, with respect to
8 whom an election under section 8416(d) of this title has
9 been made); or

10 ``(C) a current spouse whom the employee or Member
11 married after retirement and with respect to whom an
12 election has been made under subsection (b) or (c) of
13 section 8416 of this title.

14 ``§8420. Insurable interest reductions

15 ``(a)(1) At the time of retiring under section 8412,
16 8413, or 8414 of this title, an employee or Member who is
17 found to be in good health by the Office may elect a reduced
18 annuity instead of an annuity computed under section 8415 of
19 this title and name in writing an individual having an
20 insurable interest in the employee or Member to receive an
21 annuity under section 8444 of this title after the death of
22 the retired employee or Member.

23 ``(2) The annuity of the employee or Member making the
24 election is reduced by 10 percent, and by 5 percent for each
25 full 5 years the individual named is younger than the

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1 retiring employee or Member, except that the total reduction
2 may not exceed 40 percent.

3 “(3) An annuity which is reduced under this subsection
4 shall, effective the first day of the month following the
5 death of the individual named under this subsection, be
6 recomputed and paid as if the annuity had not been so
7 reduced.

8 “(b) In the case of a married employee or Member, an
9 election under this section on behalf of the spouse may be
10 made only if any right of such spouse to a survivor annuity
11 based on the service of such employee or Member is waived in
12 accordance with section 8416(a) of this title.

13 “§8420a. Alternative forms of annuities

14 “(a) The Office shall prescribe regulations under which
15 an employee or Member may, at the time of retiring under this
16 subchapter, elect annuity benefits under this section instead
17 of any other benefits under this subchapter, and any benefits
18 under subchapter IV of this chapter, based on the service of
19 the employee or Member.

20 “(b) Subject to subsection (c), the Office shall by
21 regulation provide for such alternative forms of annuities as
22 the Office considers appropriate, except that among the
23 alternatives offered shall be--

24 “(1) an alternative which provides for--

25 “(A) payment of the lump-sum credit to the

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1 employee or Member; and

2 “(B) payment of an annuity to the employee or
3 Member for life; and

4 “(2) in the case of an employee or Member who is
5 married at the time of retirement, an alternative which
6 provides for--

7 “(A) payment of the lump-sum credit to the
8 employee or Member; and

9 “(B) payment of an annuity to the employee or
10 Member for life, with a survivor annuity payable for
11 the life of a surviving spouse.

12 “(c) Each alternative provided for under subsection (b)
13 shall, to the extent practicable, be designed such that the
14 total value of the benefits provided under such alternative
15 (including any lump-sum credit) is actuarially equivalent to
16 the sum of--

17 “(1) the value of the annuity which would otherwise
18 be provided under this subchapter, as computed under
19 section 8415 of this title; and

20 “(2) the value of the annuity supplement which would
21 otherwise be provided under section 8421 of this title.

22 “(d) An employee or Member who, at the time of retiring
23 under this subchapter--

24 “(1) is married, shall be ineligible to make an
25 election under this section unless a waiver is made under

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1 section 8416(a)(1) or (2) of this title; or

2 `` (2) has a former spouse, shall be ineligible to
3 make an election under this section if the former spouse
4 is entitled to benefits under section 8445 of this title
5 (based on the service of the employee or Member) under
6 the terms of a decree of divorce or annulment, or a court
7 order or court-approved property settlement incident to
8 any such decree, with respect to which the Office has
9 been duly notified.

10 `` (e) An employee or Member who is married at the time of
11 retiring under this subchapter and who makes an election
12 under this section may, during the 18-month period beginning
13 on the date of retirement, make the election provided for
14 under section 8416(d) of this title, subject to the deposit
15 requirement thereunder.

16 `` §8421. Annuity supplement

17 `` (a)(1) An individual receiving an annuity under
18 subsection (a), (b), (d), or (e) of section 8412 of this
19 title, or under section 8414(c) of this title, is entitled to
20 receive an annuity supplement under this section while such
21 individual is under 62 years of age.

22 `` (2) An individual receiving an annuity under section
23 8412(f) of this title, or under subsection (a) or (b) of
24 section 8414 of this title, is entitled to receive an annuity
25 supplement under this section while such individual is at

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1 least the applicable minimum retirement age under section
2 8412(h) of this title and under age 62.

3 “(b)(1) The amount of the annuity supplement payable to
4 an annuitant under this section for any month shall be equal
5 to the product of--

6 “(A) an amount determined under paragraph (2),
7 multiplied by

8 “(B) a fraction, as described in paragraph (3).

9 “(2) The applicable amount under this paragraph for an
10 annuitant is an amount equal to the old-age insurance
11 benefits which would be payable to such annuitant under title
12 II of the Social Security Act upon attaining age 62 and
13 filing appropriate application therefor, except that in
14 computing the primary insurance amount under section 215 of
15 such Act for purposes of this paragraph--

16 “(A) only basic pay for service performed (if any)
17 shall be taken into account in computing the total wages
18 and self-employment income of the annuitant for a benefit
19 computation year;

20 “(B) for a benefit computation year which commences
21 after the date of the separation with respect to which
22 entitlement to the annuitant's annuity under this
23 subchapter is based and before the date on which such
24 annuitant becomes 62 years of age, the total wages and
25 self-employment income of such annuitant for such year

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1 shall be deemed to be zero; and

2 “(C) for a benefit computation year which precedes
3 the separation referred to in subparagraph (B), and
4 during which the individual did not perform a full year
5 of service, the total wages and self-employment income of
6 such annuitant for such year shall be deemed to have been
7 an amount equal to the product of--

8 “(i) the average total wages of all workers for
9 that year, multiplied by

10 “(ii) a fraction--

11 “(I) the numerator of which is total basic
12 pay of the individual for service performed in
13 the first benefit computation year thereafter in
14 which such individual performed a full year of
15 service; and

16 “(II) the denominator of which is the
17 average total wages of all workers for the year
18 referred to in subclause (I).

19 “(3) The applicable fraction under this paragraph for
20 any annuitant is a fraction--

21 “(A) the numerator of which is the annuitant's total
22 years of service (rounding a fraction to the nearest
23 whole number, with 1/2 being rounded to the next higher
24 number), not to exceed the number under subparagraph (B);
25 and

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1 “(B) the denominator of which is the number of the
2 annuitant's benefit computation years.

3 “(4) For the purpose of this subsection--

4 “(A) the term ‘benefit computation year’ has the
5 meaning provided in section 215(b)(2)(B)(i) of the Social
6 Security Act; and

7 “(B) the term ‘average total wages of all workers’,
8 for a year, means the average of the total wages, as
9 defined and computed under section 215(b)(3)(A)(ii)(I) of
10 the Social Security Act for such year.

11 “§8422. Deductions from pay; contributions for military
12 services

13 . “(a)(1) The employing agency shall deduct and withhold
14 from basic pay of each employee and Member a percentage of
15 basic pay determined in accordance with paragraph (2).

16 “(2) The applicable percentage under this subsection for
17 any pay period shall be--

18 “(A) in the case of an employee (other than a law
19 enforcement officer, firefighter, or air traffic
20 controller) a percentage equal to--

21 “(i) 7 percent, reduced by

22 “(ii) the percentage then in effect under
23 section 3101(a) of the Internal Revenue Code of 1954
24 (relating to rate of tax for old-age, survivors, and
25 disability insurance); and

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1 ``(B) in the case of a Member, law enforcement
2 officer, firefighter, air traffic controller, or
3 Congressional employee, a percentage equal to--

4 ``(i) 7 1/2 percent, reduced by

5 ``(ii) the same percentage as would apply in the
6 case of an employee under subparagraph (A)(ii).

7 ``(b) Each employee or Member is deemed to consent and
8 agree to the deductions under subsection (a). Notwithstanding
9 any law or regulation affecting the pay of an employee or
10 Member, payment less such deductions is a full and complete
11 discharge and acquittance of all claims and demands for
12 regular services during the period covered by the payment,
13 except the right to any benefits under this subchapter, or
14 under subchapter IV or V of this chapter, based on the
15 service of the employee or Member.

16 ``(c) The amounts deducted and withheld under this
17 section shall be deposited in the Treasury of the United
18 States to the credit of the Fund under such procedures as the
19 Comptroller General of the United States may prescribe.

20 ``(d) Under such regulations as the Office may prescribe,
21 amounts deducted under subsection (a) shall be entered on
22 individual retirement records.

23 ``(e)(1) Each employee or Member who has performed
24 military service before the date of the separation on which
25 the entitlement to any annuity under this subchapter, or

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1 subchapter V of this chapter, is based may pay, in accordance
2 with such regulations as the Office shall issue, to the
3 agency by which the employee is employed, or, in the case of
4 a Member or a Congressional employee, to the Secretary of the
5 Senate or the Clerk of the House of Representatives, as
6 appropriate, an amount equal to 3 percent of the amount of
7 the basic pay paid under section 204 of title 37 to the
8 employee or Member for each period of military service after
9 December 1956. The amount of such payments shall be based on
10 such evidence of basic pay for military service as the
11 employee or Member may provide, or if the Office determines
12 sufficient evidence has not been so provided to adequately
13 determine basic pay for military service, such payment shall
14 be based on estimates of such basic pay provided to the
15 Office under paragraph (4).

16 (2) Any deposit made under paragraph (1) more than two
17 years after the later of--

18 (A) January 1, 1987; or

19 (B) the date on which the employee or Member making
20 the deposit first becomes an employee or Member,
21 shall include interest on such amount computed and compounded
22 annually beginning on the date of the expiration of the two-
23 year period. The interest rate that is applicable in
24 computing interest in any year under this paragraph shall be
25 equal to the interest rate that is applicable for such year

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1 under section 8334(e) of this title.

2 `` (3) Any payment received by an agency, the Secretary of
3 the Senate, or the Clerk of the House of Representatives
4 under this subsection shall be immediately remitted to the
5 Office for deposit in the Treasury of the United States to
6 the credit of the Fund.

7 `` (4) The Secretary of Defense, the Secretary of
8 Transportation, the Secretary of Commerce, or the Secretary
9 of Health and Human Services, as appropriate, shall furnish
10 such information to the Office as the Office may determine to
11 be necessary for the administration of this subsection.

12 `` §8423. Government contributions

13 `` (a)(1) Each employing agency having any employees or
14 Members subject to section 8422(a) of this title shall
15 contribute to the Fund an amount equal to the sum of--

16 `` (A) the product of--

17 `` (i) the normal-cost percentage, as determined
18 for employees (other than employees covered by
19 subparagraph (B)), multiplied by

20 `` (ii) the aggregate amount of basic pay payable
21 by the agency, for the period involved, to employees
22 (under clause (i)) who are within such agency; and

23 `` (B) the product of--

24 `` (i) the normal-cost percentage, as determined
25 for Members, Congressional employees, law enforcement

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1 officers, firefighters, air traffic controllers, and
2 military reserve technicians, multiplied by

3 ``(ii) the aggregate amount of basic pay payable
4 by the agency, for the period involved, to employees
5 and Members (under clause (i)) who are within such
6 agency.

7 ``(2) In determining any normal-cost percentage to be
8 applied under this subsection, amounts provided for under
9 section 8422 of this title shall be taken into account.

10 ``(3) Contributions under this subsection shall be paid--

11 ``(A) in the case of law enforcement officers,
12 firefighters, air traffic controllers, military reserve
13 technicians, and other employees, from the appropriation
14 or fund used to pay such law enforcement officers,
15 firefighters, air traffic controllers, or other
16 employees, respectively;

17 ``(B) in the case of elected officials, from an
18 appropriation or fund available for payment of other
19 salaries of the same office or establishment; and

20 ``(C) in the case of employees of the legislative
21 branch paid by the Clerk of the House of Representatives,
22 from the contingent fund of the House.

23 ``(4) A contribution to the Fund under this subsection
24 shall be deposited under such procedures as the Comptroller
25 General of the United States may prescribe.

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1 ``(b)(1) The Office shall compute--

2 ``(A) the amount of the supplemental liability of the
3 Fund with respect to individuals other than those to whom
4 subparagraph (B) relates, and

5 ``(B) the amount of the supplemental liability of the
6 Fund with respect to current or former employees of the
7 United States Postal Service (and the Postal Rate
8 Commission) and their survivors;

9 as of the close of each fiscal year beginning after September
10 30, 1987.

11 ``(2) The amount of any supplemental liability computed
12 under paragraph (1)(A) or (1)(B) shall be amortized in 30
13 equal annual installments, with interest computed at the rate
14 used in the most recent valuation of the System.

15 ``(3) At the end of each fiscal year, the Office shall
16 notify--

17 ``(A) the Secretary of the Treasury of the amount of
18 the installment computed under this subsection for such
19 year with respect to individuals under paragraph (1)(A);
20 and

21 ``(B) the Postmaster General of the United States of
22 the amount of the installment computed under this
23 subsection for such year with respect to individuals
24 under paragraph (1)(B).

25 ``(4)(A) Before closing the accounts for a fiscal year,

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1 the Secretary of the Treasury shall credit to the Fund, as a
2 Government contribution, out of any money in the Treasury of
3 the United States not otherwise appropriated, the amount
4 under paragraph (3)(A) for such year.

5 `` (B) Upon receiving notification under paragraph (3)(B),
6 the United States Postal Service shall pay the amount
7 specified in such notification to the Fund.

8 `` (5) For the purpose of carrying out paragraph (1) with
9 respect to any fiscal year, the Office may--

10 `` (A) require the Board of Actuaries of the Civil
11 Service Retirement System to make actuarial
12 determinations and valuations, make recommendations, and
13 maintain records in the same manner as provided in
14 section 8347(f) of this title; and

15 `` (B) use the latest actuarial determinations and
16 valuations made by such Board of Actuaries.

17 `` (c) Under regulations prescribed by the Office, the
18 head of an agency may request reconsideration of any amount
19 determined to be payable with respect to such agency under
20 subsection (a) or (b). Any such request shall be referred to
21 the Board of Actuaries of the Civil Service Retirement
22 System. The Board of Actuaries shall review the computations
23 of the Office and may make any adjustment with respect to any
24 such amount which the Board determines appropriate. A
25 determination by the Board of Actuaries under this subsection

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1 shall be final.

2 ``§8424. Lump-sum benefits; designation of beneficiary; order
3 of precedence

4 `` (a) Subject to subsection (b), an employee or Member
5 who--

6 `` (1)(A) is separated from the service for at least
7 31 consecutive days; or

8 `` (B) is transferred to a position in which the
9 individual is not subject to this chapter and remains in
10 such a position for at least 31 consecutive days;

11 `` (2) files an application with the Office for
12 payment of the lump-sum credit;

13 `` (3) is not reemployed in a position in which the
14 individual is subject to this chapter at the time of
15 filing the application; and

16 `` (4) will not become eligible to receive an annuity
17 within 31 days after filing the application;

18 is entitled to be paid the lump-sum credit. Payment of the
19 lump-sum credit to an employee or Member voids all annuity
20 rights under this subchapter, and subchapters IV and V of
21 this chapter, based on the service on which the lump-sum
22 credit is based.

23 `` (b)(1) Payment of the lump-sum credit under subsection
24 (a)--

25 `` (A) may be made only if any current spouse and any

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1 former spouse of the employee or Member are notified of
2 the application by the employee or Member; and

3 `` (B) in any case in which there is a former spouse,
4 shall be subject to the terms of a court decree of
5 divorce, annulment, or legal separation issued with
6 respect to such former spouse if--

7 `` (i) the decree expressly relates to any portion
8 of the lump-sum credit involved; and

9 `` (ii) payment of the lump-sum credit would
10 affect any right or interest of the former spouse
11 with respect to a survivor annuity under section 8445
12 of this title, or to any portion of an annuity under
13 section 8467 of this title.

14 `` (2)(A) Notification of a spouse or former spouse under
15 this subsection shall be made in accordance with such
16 requirements as the Office shall by regulation prescribe.

17 `` (B) Under the regulations, the Office may provide that
18 paragraph (1)(A) may be waived with respect to a spouse or
19 former spouse if the employee or Member establishes to the
20 satisfaction of the Office that the whereabouts of such
21 spouse or former spouse cannot be determined.

22 `` (3) The Office shall prescribe regulations under which
23 this subsection shall be applied in any case in which the
24 Office receives two or more orders or decrees referred to in
25 paragraph (1)(B)(i).

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1 “(c) Under regulations prescribed by the Office, an
2 employee or Member, or a former employee or Member, may
3 designate one or more beneficiaries under this section.

4 “(d) Lump-sum benefits authorized by subsections (e)
5 through (g) shall be paid to the individual or individuals
6 surviving the employee or Member and alive at the date title
7 to the payment arises in the following order of precedence,
8 and the payment bars recovery by any other individual:

9 “First, to the beneficiary or beneficiaries
10 designated by the employee or Member in a signed and
11 witnessed writing received in the Office before the death
12 of such employee or Member. For this purpose, a
13 designation, change, or cancellation of beneficiary in a
14 will or other document not so executed and filed has no
15 force or effect.

16 “Second, if there is no designated beneficiary, to
17 the widow or widower of the employee or Member.

18 “Third, if none of the above, to the child or
19 children of the employee or Member and descendants of
20 deceased children by representation.

21 “Fourth, if none of the above, to the parents of the
22 employee or Member or the survivor of them.

23 “Fifth, if none of the above, to the duly appointed
24 executor or administrator of the estate of the employee
25 or Member.

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1 ``Sixth, if none of the above, to such other next of
2 kin of the employee or Member as the Office determines to
3 be entitled under the laws of the domicile of the
4 employee or Member at the date of death of the employee
5 or Member.

6 For the purpose of this subsection, 'child' includes a
7 natural child and an adopted child, but does not include a
8 stepchild.

9 `` (e) If an employee or Member, or former employee or
10 Member, dies--

11 `` (1) without a survivor, or

12 `` (2) with a survivor or survivors and the right of
13 all survivors under subchapter IV terminates before a
14 claim for survivor annuity under such subchapter is
15 filed,

16 the lump-sum credit shall be paid.

17 `` (f) If all annuity rights under this chapter based on
18 the service of a deceased employee or Member terminate before
19 the total annuity paid equals the lump-sum credit, the
20 difference shall be paid.

21 `` (g) If an annuitant dies, annuity accrued and unpaid
22 shall be paid.

23 `` (h) Annuity accrued and unpaid on the termination,
24 except by death, of the annuity of an annuitant or survivor
25 shall be paid to that individual. Annuity accrued and unpaid

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1 on the death of a survivor shall be paid in the following
2 order of precedence, and the payment bars recovery by any
3 other person:

4 ``First, to the duly appointed executor or
5 administrator of the estate of the survivor.

6 ``Second, if there is no executor or administrator,
7 payment may be made, after 30 days from the date of death
8 of the survivor, to such next of kin of the survivor as
9 the Office determines to be entitled under the laws of
10 the domicile of the survivor at the date of death.

11 ``§8425. Mandatory separation

12 ``(a) An air traffic controller shall be separated from
13 the service on the last day of the month in which that
14 controller becomes 56 years of age. The Secretary, under such
15 regulations as the Secretary may prescribe, may exempt a
16 controller having exceptional skills and experience as a
17 controller from the automatic separation provisions of this
18 subsection until that controller becomes 61 years of age. The
19 Secretary shall notify the controller in writing of the date
20 of separation at least 60 days before that date. Action to
21 separate the controller is not effective, without the consent
22 of the controller, until the last day of the month in which
23 the 60-day notice expires.

24 ``(b) A law enforcement officer or firefighter who is
25 otherwise eligible for immediate retirement under section

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1 8412(d) of this title shall be separated from the service on
 2 the last day of the month in which that law enforcement
 3 officer or firefighter becomes 55 years of age or completes
 4 20 years of service if then over that age. If the head of the
 5 agency judges that the public interest so requires, that
 6 agency head may exempt such an employee from automatic
 7 separation under this subsection until that employee becomes
 8 60 years of age. The employing office shall notify the
 9 employee in writing of the date of separation at least 60
 10 days before that date. Action to separate the employee is not
 11 effective, without the consent of the employee, until the
 12 last day of the month in which the 60-day notice expires.

13 `` (c) The President, by Executive order, may exempt an
 14 employee from automatic separation under this section if the
 15 President determines the public interest so requires.

16 [``SUBCHAPTER III--TO BE PROVIDED.]

17 ``SUBCHAPTER IV--SURVIVOR ANNUITIES

18 ``§8441. Definitions

19 ``For the purpose of this subchapter--

20 `` (1) the term `widow' means the surviving wife of an
 21 employee, Member, or annuitant, or of a former employee
 22 or Member, who--

23 `` (A) was married to him for at least 9 months
 24 immediately before his death; or

25 `` (B) is the mother of issue by that marriage;

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1 ``(2) the term `widower' means the surviving husband
2 of an employee, Member, or annuitant, or of a former
3 employee or Member, who--

4 ``(A) was married to her for at least 9 months
5 immediately before her death; or

6 ``(B) is the father of issue by that marriage;

7 ``(3) the term `dependent', in the case of any child,
8 means that the employee, Member, or annuitant involved
9 was, at the time of death of the employee, Member, or
10 annuitant either living with or contributing to the
11 support of such child, as determined in accordance with
12 such regulations as the Office shall prescribe; and

13 ``(4) the term `child' means--

14 ``(A) an unmarried dependent child under 18 years
15 of age, including (i) an adopted child, (ii) a
16 stepchild but only if the stepchild lived with the
17 employee, Member, or annuitant in a regular
18 parent-child relationship, (iii) a recognized natural
19 child, and (iv) a child who lived with and for whom a
20 petition of adoption was filed by an employee,
21 Member, or annuitant and who is adopted by the widow
22 or widower of the employee, Member, or annuitant
23 after the death of such employee, Member, or
24 annuitant;

25 ``(B) such unmarried dependent child regardless

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1 of age who is incapable of self-support because of
2 mental or physical disability incurred before age 18;
3 or

4 (C) such unmarried dependent child between 18
5 and 22 years of age who is a student regularly
6 pursuing a full-time course of study or training in
7 residence in a high school, trade school, technical
8 or vocational institute, junior college, college,
9 university, or comparable recognized educational
10 institution.

11 For the purpose of this paragraph and section 8443 of
12 this title, a child whose 22nd birthday occurs before
13 July 1 or after August 31 of a calendar year, and while
14 regularly pursuing such a course of study or training, is
15 deemed to have become 22 years of age on the first day of
16 July after that birthday. A child who is a student is
17 deemed not to have ceased to be a student during an
18 interim between school years if the interim is not more
19 than 5 months and if such child shows to the satisfaction
20 of the Office that such child has a bona fide intention
21 of continuing to pursue a course of study or training in
22 the same or different school during the school semester
23 (or other period into which the school year is divided)
24 immediately after the interim.

25 §8442. Rights of a widow or widower

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1 ``(a)(1) If an annuitant dies and is survived by a widow
2 or widower, the widow or widower is entitled to an annuity
3 equal to 50 percent of an annuity computed under section 8415
4 of this title with respect to the annuitant, unless--

5 ``(A) the right to an annuity was waived under
6 section 8416(a) of this title (and no election was
7 subsequently made under section 8416(d) of this title
8 nullifying the waiver); or

9 ``(B) in the case of a marriage after retirement, the
10 annuitant did not file an election under section 8416 (b)
11 or (c) of this title, as the case may be.

12 ``(2) A spouse acquired after retirement is entitled to
13 an annuity under this subsection (as provided in paragraph
14 (1)) only upon electing this annuity instead of any other
15 survivor benefit to which such spouse may be entitled under
16 this subchapter or section 8424 of this title or under
17 another retirement system for Government employees.

18 ``(b)(1) If an employee or Member dies after completing
19 at least 18 months of civilian service creditable under
20 section 8411 of this title and is survived by a widow or
21 widower, the widow or widower is entitled to--

22 ``(A) an amount equal to the sum of--

23 ``(i) 50 percent of the final annual rate of
24 basic pay (or of the average pay, if higher) of the
25 employee or Member; and

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1 ``(ii) \$15,000 (or, if any adjustment under
2 section 8462(e) of this title has been made, the
3 amount reflecting the most recent adjustment under
4 such section as of the date of the employee's or
5 Member's death); and

6 ``(B) if the employee or Member completed at least 10
7 years of service, an annuity equal to 50 percent of an
8 annuity computed under section 8415 of this title with
9 respect to the employee or Member.

10 ``(2) The Office shall prescribe regulations under which
11 the total amount payable to a widow or widower under
12 paragraph (1)(A) may, at the election of the widow or
13 widower, be paid--

14 ``(A) in a lump sum; or

15 ``(B) on a monthly basis (whether over a period of 3
16 years beginning on the day after the employee's or
17 Member's death, over the life of the widow or widower, or
18 over another period established under the regulations).

19 Any method of payment provided for under subparagraph (B)
20 shall be designed such that the total value of the benefits
21 provided under such method is actuarially equivalent to the
22 value of a lump-sum payment under subparagraph (A).

23 ``(3) An amount payable under paragraph (2) shall not be
24 considered to be part of any annuity for purposes of this
25 chapter.

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1 ``(c) If a former employee or Member dies after having
2 separated from the service with title to a deferred annuity
3 under section 8413 of this title but before having
4 established a valid claim for annuity, and is survived by a
5 widow or widower to whom married on the date of separation,
6 the widow or widower--

7 ``(1) is entitled to an annuity equal to 50 percent
8 of an annuity computed under section 8415 of this title
9 with respect to the former employee or Member; or

10 ``(2) may elect to receive the lump-sum credit
11 instead of the annuity if the widow or widower is the
12 individual who would be entitled to the lump-sum credit
13 and files application therefor with the Office before the
14 award of the annuity.

15 ``(d)(1) The annuity of a widow or widower under this
16 section commences on the day after the death of the
17 individual on whose service such annuity is based. This
18 annuity and the right thereto terminate on the last day of
19 the month before the widow or widower--

20 ``(A) dies; or

21 ``(B) remarries before becoming 55 years of age.

22 ``(2) In the case of a widow or widower whose annuity
23 under this section is terminated because of remarriage before
24 becoming 55 years of age, the annuity shall be restored at
25 the same rate commencing on the day the remarriage is

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1 dissolved by death, divorce, or annulment, if--

2 “(A) the widow or widower elects to receive this
3 annuity instead of any other survivor benefit to which
4 such widow or widower may be entitled (under this
5 subchapter or section 8424 of this title or under another
6 retirement system for Government employees) by reason of
7 the remarriage; and

8 “(B) any lump sum paid on termination of the annuity
9 is returned to the Fund.

10 “(e) The requirement in paragraphs (1)(A) and (2)(A) of
11 section 8441 of this title that the widow or widower of an
12 annuitant, employee, or Member, or of a former employee or
13 Member, have been married to such individual for at least 9
14 months immediately before the death of the individual in
15 order to qualify as the widow or widower of such individual
16 shall be deemed satisfied in any case in which the individual
17 dies within the applicable 9-month period, if--

18 “(1) the death of the individual was accidental; or

19 “(2) the surviving spouse of the individual had been
20 previously married to such individual and subsequently
21 divorced, and the aggregate time married is at least 9
22 months.

23 “(f)(1) Subject to paragraph (4), a survivor who is
24 receiving an annuity under subsection (a) shall also be
25 entitled to receive a supplementary annuity payment under

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1 this subsection.

2 “(2) A supplementary annuity payment under this
3 subsection shall be equal to the lesser of--

4 “(A) the amount by which the survivor's assumed CSRS
5 annuity exceeds the annuity payable to such survivor
6 under subsection (a); or

7 “(B) the amount determined under paragraph (3).

8 “(3)(A) Except as provided in subparagraph (B), the
9 applicable amount under this paragraph for a survivor is the
10 amount of widow's or widower's insurance benefits which would
11 be payable to such survivor under title II of the Social
12 Security Act based on the wages and self-employment income of
13 the deceased annuitant, and determined--

14 “(i) as of the date on which the annuitant died; and

15 “(ii) as if the survivor had attained age 60 and
16 made application for those benefits under subsection (e)
17 or (f) of section 202 of such Act, as the case may be.

18 “(B) Any computation or determination under this
19 paragraph shall be made in accordance with the applicable
20 provisions of the Social Security Act, except that in
21 computing any primary insurance amount under section 215 of
22 such Act for purposes of determining an amount payable under
23 this subsection, subparagraphs (A) and (C) of section
24 8421(b)(2) of this title shall apply.

25 “(4) A supplementary annuity payment under this

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1 subsection--

2 “(A) shall be payable to a survivor only for
3 calendar months ending before the calendar month in which
4 such survivor first satisfies the minimum age requirement
5 under section 202(e)(1)(B) or 202(f)(1)(B) of the Social
6 Security Act, as the case may be;

7 “(B) shall not be payable to a survivor who would
8 not be entitled to benefits under subsection (e) or (f)
9 of section 202 of the Social Security Act based on the
10 wages and self-employment income of the deceased
11 annuitant (determined, as of the date of the annuitant's
12 death, as if the survivor had attained age 60 and made
13 appropriate application for benefits, but without regard
14 to any restriction under either such subsection relating
15 to remarriage); and

16 “(C) shall not be payable to a survivor for any
17 calendar month in which such survivor is entitled (or
18 would, on proper application, be entitled) to benefits
19 under section 202(g) of the Social Security Act (relating
20 to mother's and father's insurance benefits) based on the
21 wages and self-employment income of the deceased
22 annuitant.

23 “(5) For the purpose of this subsection, the term
24 ‘assumed CSRS annuity’, as used in the case of a survivor,
25 means the amount of the annuity which would be payable to

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1 such survivor under subchapter III of chapter 83 of this
2 title based on the service of the deceased annuitant,
3 determined--

4 ``(A) as of the day after the date of the annuitant's
5 death;

6 ``(B) as if the survivor had made appropriate
7 application therefor; and

8 ``(C) as if the service of the deceased annuitant
9 were creditable under such subchapter.

10 ``(5) An amount payable under this subsection shall be
11 adjusted under section 8462 of this title and shall otherwise
12 be treated under this chapter in the same way as an amount
13 payable under subsection (a).

14 ``(g) The following rules shall apply notwithstanding any
15 other provision of this section:

16 ``(1) The annuity payable under this section to a
17 widow or widower may not exceed the difference between--

18 ``(A) the amount of the annuity which would
19 otherwise be payable to such widow or widower under
20 this section; and

21 ``(B) the amount of the annuity payable to any
22 former spouse of the deceased employee, Member, or
23 annuitant, or former employee or Member, based on an
24 election made under section 8417(b) of this title or
25 a court order previously issued or agreement

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1 previously entered into as described in section
2 8445(a) of this title.

3 `` (2) The amount payable under subsection (b)(1)(A)
4 to a widow or widower may not exceed the difference
5 between--

6 `` (A) the amount which would otherwise be payable
7 to such widow or widower under such subsection; and

8 `` (B) the portion of such amount payable to any
9 former spouse of the deceased employee, Member, or
10 annuitant, or former employee or Member, based on a
11 court order previously issued or agreement previously
12 entered into.

13 `` (3) A lump-sum credit under subsection (c)(2) shall
14 be subject to the same terms and conditions as apply with
15 respect to a lump-sum credit under section 8424(b) of
16 this title.

17 `` §8443. Rights of a child

18 `` (a)(1) If an employee or Member dies after completing
19 at least 18 months of civilian service which is creditable
20 under section 8411 of this title, or an annuitant dies, each
21 surviving child is, for any month, entitled to an annuity
22 equal to--

23 `` (A) the amount by which the applicable amount under
24 paragraph (2) for such month exceeds the applicable
25 amount under paragraph (3) for such month, divided by

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1 ``(B) the number of children entitled to a payment
2 under this section for such month.

3 ``(2) The applicable amount under this paragraph for any
4 month is the total amount to which the surviving child or
5 children (as the case may be) of the annuitant, employee, or
6 Member would be entitled for such month under subchapter III
7 of chapter 83 of this title based on the service of such
8 annuitant, employee, or Member, if the service of such
9 annuitant, employee, or Member were creditable under such
10 subchapter.

11 ``(3) The applicable amount under this paragraph for any
12 month is the total amount of child's insurance benefits which
13 would be payable under title II of the Social Security Act
14 for such month (determined after the application of section
15 203(a) of such Act) based on the wages and self-employment
16 income of such annuitant, employee, or Member.

17 ``(b) The annuity of a child under this subchapter--
18 ``(1) commences on the day after the annuitant,
19 employee, or Member dies;

20 ``(2) commences or resumes on the first day of the
21 month in which the child later becomes or again becomes a
22 student as described by section 8441(4) of this title, if
23 any lump sum paid is returned to the Fund; or

24 ``(3) commences or resumes on the first day of the
25 month in which the child later becomes or again becomes

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1 incapable of self-support because of a mental or physical
2 disability incurred before age 18 (or a later recurrence
3 of such disability), if any lump sum paid is returned to
4 the Fund.

5 This annuity and the right thereto terminate on the last day
6 of the month before the child--

7 ``(A) becomes 18 years of age unless then a student
8 as described or incapable of self-support;

9 ``(B) becomes capable of self-support after becoming
10 18 years of age unless then such a student;

11 ``(C) becomes 22 years of age if then such a student
12 and capable of self-support;

13 ``(D) ceases to be such a student after becoming 18
14 years of age unless then incapable of self-support; or

15 ``(E) dies or marries;

16 whichever occurs first. On the death of the surviving wife or
17 husband, or former wife or husband, or termination of the
18 annuity of a child, the annuity of any other child or
19 children shall be recomputed and paid as though the wife or
20 husband, former wife or husband, or child had not survived
21 the annuitant, employee, or Member.

22 ``§8444. Rights of a named individual with an insurable
23 interest

24 ``The annuity of a survivor named under section 8420(a)
25 of this title is 55 percent of the reduced annuity of the

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1 retired employee or Member determined under paragraph (2) of
2 such section 8420(a). The annuity of the survivor commences
3 on the day after the retired employee or Member dies. This
4 annuity and the right thereto terminate on the last day of
5 the month before the survivor dies.

6 ``§8445. Rights of a former spouse

7 `` (a) Subject to subsections (b) through (e), a former
8 spouse of a deceased employee, Member, or annuitant (or of a
9 former employee or Member who dies after having separated
10 from the service with title to a deferred annuity under
11 section 8413 of this title but before having established a
12 valid claim for annuity) is entitled to an annuity under this
13 section, if and to the extent expressly provided for in an
14 election under section 8417(b) of this title, or in the terms
15 of any decree of divorce or annulment or any court order or
16 court-approved property settlement agreement incident to such
17 decree.

18 `` (b)(1) The annuity payable to a former spouse under
19 this section may not exceed the difference between--

20 `` (A) the amount applicable in the case of such
21 former spouse, as determined under paragraph (2); and

22 `` (B) the amount of any annuity payable under this
23 section to any other former spouse of the employee,
24 Member, or annuitant, or former employee or Member, based
25 on an election previously made under section 8417(b) of

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1 this title, or a court order previously issued or
2 agreement previously entered into as described in
3 subsection (a).

4 ``(2) The applicable amount, for purposes of paragraph
5 (1)(A) in the case of a former spouse, is the amount of the
6 annuity which would be payable under the provisions of
7 section 8442 of this title (including subsection (f) of such
8 section, but without regard to subsection (g) of such
9 section) if such former spouse were a widow or widower
10 entitled to an annuity under such provisions based on the
11 service of the deceased employee, Member, or annuitant, or
12 former employee or Member.

13 ``(c) The commencement and termination of an annuity
14 payable under this section shall be governed by the terms of
15 the applicable order, decree, agreement, or election, as the
16 case may be, except that any such annuity--

17 ``(1) shall not commence before--

18 ``(A) the day after the employee, Member, or
19 annuitant, or former employee or Member, dies; or

20 ``(B) the first day of the second month beginning
21 after the date on which the Office receives written
22 notice of the order, decree, agreement, or election,
23 as the case may be, together with such additional
24 information or documentation as the Office may
25 prescribe;

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1 whichever is later; and

2 “(2) shall terminate no later than the last day of
3 the month before the former spouse remarries, before
4 becoming 55 years of age or dies.

5 “(d) For purposes of this chapter, a modification in a
6 decree, order, agreement, or election referred to in
7 subsection (a) shall not be effective--

8 “(1) if such modification is made after the
9 retirement or death of the employee, Member, or
10 annuitant, or former employee or Member, concerned; and

11 “(2) to the extent that such modification involves
12 an annuity under this section.

13 “(e) For purposes of this chapter, a decree, order,
14 agreement, or election referred to in subsection (a) shall
15 not be effective, in the case of a former spouse, to the
16 extent that it is inconsistent with any joint waiver
17 previously executed with respect to such former spouse under
18 section 8416(a) of this title.

19 “(f)(1) Any amount under section 8442(b)(1)(A) of this
20 title which would otherwise be payable to a widow or widower
21 based on the service of another individual shall be paid (in
22 whole or in part) by the Office to a former spouse of such
23 individual if and to the extent expressly provided for in the
24 terms of a court decree of divorce, annulment, or legal
25 separation, or the terms of a court order or court-approved

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1 property settlement incident to any decree of divorce,
2 annulment, or legal separation.

3 “(2) Paragraph (1) shall apply only to payments made by
4 the Office after the date of receipt in the Office of written
5 notice of such decree, order, or agreement, and such
6 additional information and documentation as the Office may
7 prescribe.

8 “(g) Any payment under this section to a person bars
9 recovery by any other person.

10 “SUBCHAPTER V--DISABILITY BENEFITS
11 [TO BE PROVIDED.]

12 “SUBCHAPTER VI--GENERAL AND ADMINISTRATIVE PROVISIONS

13 “§8461. Authority of the Office of Personnel Management

14 “(a) The Office shall pay all benefits that are payable
15 under subchapter II, IV, V, or VI of this chapter from the
16 Fund.

17 “(b) The Office shall administer all provisions of this
18 chapter not specifically required to be administered by [the
19 Board, the Executive Director, the Secretary of Labor,] or
20 any other officer or agency.

21 “(c) The Office shall adjudicate all claims under the
22 provisions of this chapter administered by the Office.

23 “(d) The Office shall determine questions of disability
24 and dependency arising under the provisions of this chapter
25 administered by the Office. Except to the extent provided

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1 under subsection (e), the decisions of the Office concerning
2 these matters are final and conclusive and are not subject to
3 review. The Office may direct at any time such medical or
4 other examinations as it considers necessary to determine the
5 facts concerning disability or dependency of an individual
6 receiving or applying for annuity under the provisions of
7 this chapter administered by the Office. The Office may
8 suspend or deny annuity for failure to submit to examination.

9 “(e)(1) Subject to paragraph (2), the administrative
10 action or order affecting the rights or interests of an
11 individual or of the United States under the provisions of
12 this chapter administered by the Office may be appealed to
13 the Merit Systems Protection Board under procedures
14 prescribed by the Board.

15 “(2) In the case of any individual found by the Office
16 to be disabled in whole or in part on the basis of the
17 individual's mental condition, and that finding was made
18 pursuant to an application by an agency for purposes of
19 disability retirement under section 8451 of this title, the
20 procedures under section 7701 of this title shall apply and
21 the decision of the Board shall be subject to judicial review
22 under section 7703 of this title.

23 “(f) The Office shall fix the fees for examinations made
24 under subchapter V of this chapter by physicians or surgeons
25 who are not medical officers of the United States. The fees

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1 and reasonable traveling and other expenses incurred in
2 connection with the examinations are paid from appropriations
3 for the cost of administering the provisions of this chapter
4 administered by the Office.

5 `` (g) The Office may prescribe regulations to carry out
6 the provisions of this chapter administered by the Office.

7 `` (h)(1) Each Government agency shall furnish the
8 Director with such information as the Director determines
9 necessary in order to administer this chapter.

10 `` (2) The Director, in consultation with the officials
11 from whom such information is requested, shall establish (by
12 regulation or otherwise) such safeguards as are necessary to
13 ensure that information made available under this subsection
14 is used only for the purpose authorized.

15 `` (i) In making a determination of 'actuarial
16 equivalence' under this chapter, the economic assumptions
17 used shall be the same as the economic assumptions most
18 recently used by the Office (before the determination of
19 actuarial equivalence involved) in determining the normal-
20 cost percentage of the System.

21 `` §8462. Cost-of-living adjustments

22 `` (a) For the purpose of this section--

23 `` (1) the term 'base quarter', as used with respect
24 to a year, means the calendar quarter ending on September
25 30 of such year;

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1 “(2) the price index for a base quarter is the
2 arithmetical mean of such index for the 3 months
3 comprising such quarter; and

4 “(3) the term ‘percent change in the price index’,
5 as used with respect to a year, means the percentage
6 derived by--

7 “(A) reducing--

8 “(i) the price index for the base quarter of
9 such year, by

10 “(ii) the price index for the base quarter
11 of the preceding year in which an adjustment
12 under this subsection was made;

13 “(B) dividing the difference under subparagraph
14 (A) by the price index referred to in subparagraph
15 (A)(ii); and

16 “(C) multiplying the quotient under subparagraph
17 (B) by 100.

18 “(b)(1) Except as provided in subsection (c), effective
19 December 1 of any year in which an adjustment under this
20 subsection is to be made, as determined under paragraph (2),
21 each annuity payable from the Fund under this chapter (other
22 than an annuity under section 8443 of this title) having a
23 commencing date not later than such December 1 shall be
24 adjusted as follows:

25 “(A) If the percent change in the price index for

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1 the year does not exceed 3 percent, each annuity subject
2 to adjustment under this subsection shall be increased by
3 the lesser of--

4 `` (i) the percent change in the price index
5 (rounded to the nearest one-tenth of 1 percent); or

6 `` (ii) 2 percent.

7 `` (B) If the percent change in the price index for
8 the year exceeds 3 percent, each annuity subject to
9 adjustment under this subsection shall be increased by--

10 `` (i) the percent change in the price index
11 (rounded to the nearest one-tenth of 1 percent),

12 reduced by

13 . `` (ii) 1 percent.

14 `` (2) An adjustment under this subsection shall be made
15 in a year only if the price index for the base quarter of
16 such year exceeds the price index for the base quarter of the
17 preceding year in which an adjustment under this subsection
18 was made.

19 `` (3) An annuity under this chapter shall not be subject
20 to adjustment under section 8340 of this title.

21 `` (c) Eligibility for an annuity increase under this
22 section is governed by the commencing date of each annuity
23 payable from the Fund as of the effective date of an
24 increase, except as follows:

25 `` (1) The first increase (if any) made under

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1 subsection (b) to an annuity which is payable from the
2 Fund to an annuitant or survivor whose annuity has not
3 been increased under this subsection or subsection (b),
4 shall be equal to the product (adjusted to the nearest
5 one-tenth of 1 percent) of--

6 “(A) one-twelfth of the applicable percent
7 change computed under subsection (b), multiplied by

8 “(B) the number of months (not to exceed 12
9 months, counting any portion of a month as a month)--

10 “(i) for which the annuity was payable from
11 the Fund before the effective date of the
12 increase; or

13 “(ii) in the case of a survivor of a
14 deceased annuitant whose annuity has not been so
15 increased, since the annuity was first payable to
16 the deceased annuitant.

17 “(2) Effective from its commencing date, an annuity
18 payable from the Fund to an annuitant's survivor (other
19 than a child under section 8443 of this title) shall be
20 increased by the total percentage by which the deceased
21 annuitant's annuity had been increased under this section
22 during the period beginning on the date the deceased
23 annuitant's annuity commenced and ending on the date of
24 the deceased annuitant's death.

25 “(3)(A) An adjustment under subsection (b) for any

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1 year shall not be effective with respect to the annuity
2 of an annuitant who is under 62 years of age as of the
3 date on which such adjustment would otherwise first take
4 effect.

5 `` (B)(i) Except as provided in clause (ii), this
6 paragraph applies with respect to an annuitant under
7 section 8412, 8413, or 8414 of this title.

8 `` (ii) This paragraph does not apply with respect to
9 an annuitant under subsection (d) or (e) of section 8412,
10 or section 8414(c), of this title.

11 `` (d) The monthly installment of an annuity after
12 adjustment under this section shall be rounded to the next
13 lowest dollar. However, the monthly installment shall, after
14 adjustment, reflect an increase of at least \$1.

15 `` (e) The \$15,000 amount referred to in section
16 8442(b)(1)(A)(ii) of this title shall be increased at the
17 same time that, and by the same percent as the percentage by
18 which, annuities under subchapter III of chapter 83 of this
19 title are increased.

20 `` §8463. Rate of benefits

21 `` Each annuity payable from the Fund is stated as an
22 annual amount, one-twelfth of which, rounded to the next
23 lower dollar, constitutes the monthly rate payable on the
24 first business day of the first month beginning after the
25 month for which it has accrued.

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1 ``§8464. Commencement and termination of annuities of
2 employees and Members

3 `` (a)(1) Except as otherwise provided in this chapter--

4 `` (A) an annuity payable from the Fund commences on
5 the first day of the month after--

6 `` (i) separation from the service, in the case of
7 an employee or Member retiring under section 8412, or
8 subsection (a) or (b)(1)(B) of section 8414, of this
9 title; or

10 `` (ii) pay ceases, and the applicable age and
11 service requirements are met, in the case of an
12 employee or Member retiring under section 8413 of
13 this title;

14 `` (B) an annuity payable from the Fund commences on
15 the day after separation from the service in the case of
16 an employee retiring under subsection (b)(1)(A) or (c) of
17 section 8414 of this title; and

18 `` (C) an annuity payable from the Fund commences on
19 the day after separation from the service or the day
20 after pay ceases and the requirements for title to an
21 annuity are met in the case of an employee or Member
22 retiring under section 8451 of this title.

23 `` (2) Notwithstanding paragraph (1)(A)(i), an annuity
24 payable from the Fund commences on the day after separation
25 from the service in the case of an employee or Member--

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1 ``(A) who retires under section 8412 of this title;

2 and

3 ``(B) whose separation occurs upon the expiration of
4 a term (or other period) for which the individual was
5 appointed or elected.

6 ``(b) Except as otherwise provided in this chapter, the
7 annuity of an annuitant under subchapter II or V of this
8 chapter terminates on the date death or other terminating
9 event occurs.

10 ``§8465. Waiver, allotment, and assignment of benefits

11 ``(a) An individual entitled to an annuity payable from
12 the Fund may decline to accept all or any part of the amount
13 of the annuity by a waiver signed and filed with the Office.
14 The waiver may be revoked in writing at any time. Payment of
15 the annuity waived may not be made for the period during
16 which the waiver is in effect.

17 ``(b) An individual entitled to an annuity payable from
18 the Fund may make allotments or assignments of amounts from
19 the annuity for such purposes as the Office considers
20 appropriate.

21 ``§8466. Application for benefits

22 ``(a) No payment of benefits based on the service of an
23 employee or Member shall be made from the Fund unless an
24 application for payment of the benefits is received by the
25 Office before the one hundred and fifteenth anniversary of

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1 the birth of the employee or Member.

2 (b) Notwithstanding subsection (a), after the death of
3 an employee, Member, or annuitant, or former employee or
4 Member, a benefit based on the service of such employee,
5 Member, or annuitant, or former employee or Member, shall not
6 be paid under subchapter II or IV of this chapter unless an
7 application therefor is received by the Office within 30
8 years after the death or other event which establishes the
9 entitlement to the benefit.

10 (c) Payment due a minor, or an individual mentally
11 incompetent or under other legal disability, may be made to
12 the person who is constituted guardian or other fiduciary by
13 the law of the State or residence of the claimant or is
14 otherwise legally vested with the care of the claimant or his
15 estate. If a guardian or other fiduciary of the individual
16 under legal disability has not been appointed under the law
17 of the State of residence of the claimant, payment may be
18 made to any person who, in the judgment of the Office, is
19 responsible for the care of the claimant, and the payment
20 bars recovery by any other person.

21 §8467. Court orders

22 (a) Payments under this chapter which would otherwise
23 be made to an employee, Member, or annuitant (including an
24 employee, Member, or annuitant as defined under section 8331
25 of this title) based on the service of that individual shall

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1 be paid (in whole or in part) by the Office [or the Executive
2 Director (as the case may be),] to another person if and to
3 the extent that the terms of any court decree of divorce,
4 annulment, or legal separation, or the terms of any court
5 order or court-approved property settlement agreement
6 incident to any court decree of divorce, annulment, or legal
7 separation expressly provide. Any payment under this
8 paragraph to a person bars recovery by any other person.

9 “(b) Subsection (a) shall apply only to payments made by
10 the Office [or the Executive Director] under this chapter
11 after the date on which the Office [or the Executive Director
12 (as the case may be)] receives written notice of such decree,
13 order, or agreement, and such additional information and
14 documentation as the Office [or the Executive Director] may
15 require.

16 [``§8468. Annuities and pay on reemployment

17 “(a) If an annuitant becomes employed in an appointive
18 or elective position in the Government, payment of any
19 annuity under subchapter II or V of this chapter to the
20 annuitant terminates effective on the date of the employment.
21 The annuitant's service on and after the date the annuitant
22 becomes so employed is covered by this chapter unless such
23 service is performed as a justice or judge of the United
24 States (as defined by section 451 of title 28) or as an
25 employee subject to another retirement system for Government

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1 employees. Upon termination of the employment, the rights of
2 the annuitant under subchapter II or V of this chapter (as
3 the case may be) shall be redetermined. If the annuitant dies
4 while still so employed, a survivor annuity payable with
5 respect to the deceased annuitant shall be redetermined as if
6 the employment had otherwise terminated on the date of death.

7 “(b) The amount of an annuity resulting from a
8 redetermination of rights under this chapter pursuant to
9 subsection (a) shall not be less than the amount of the
10 terminated annuity plus any increases which (but for the
11 reemployment) would have been payable under section 8462 of
12 this title after the termination of the annuity and before
13 the commencement of the redetermined annuity.]

14 “§8469. Withholding of State income taxes

15 “(a) The Office shall, in accordance with this section,
16 enter into an agreement with any State within 120 days of a
17 request for agreement from the proper State official. The
18 agreement shall provide that the Office shall withhold State
19 income tax in the case of the monthly annuity of any
20 annuitant who voluntarily requests, in writing, such
21 withholding. The amounts withheld during any calendar quarter
22 shall be held in the Fund and disbursed to the States during
23 the month following that calendar quarter.

24 “(b) An annuitant may have in effect at any time only
25 one request for withholding under this section, and an

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1 annuitant may not have more than two such requests in effect
2 during any one calendar year.

3 “(c) Subject to subsection (b), an annuitant may change
4 the State designated by that annuitant for purposes of having
5 withholdings made, and may request that the withholdings be
6 remitted in accordance with such change. An annuitant also
7 may revoke any request of that annuitant for withholding. Any
8 change in the State designated or revocation is effective on
9 the first day of the month after the month in which the
10 request or the revocation is processed by the Office, but in
11 no event later than on the first day of the second month
12 beginning after the day on which such request or revocation
13 is received by the Office.

14 “(d) This section does not give the consent of the
15 United States to the application of a statute which imposes
16 more burdensome requirements on the United States than on
17 employers generally, or which subjects the United States or
18 any annuitant to a penalty or liability because of this
19 section. The Office may not accept pay from a State for
20 services performed in withholding State income taxes from
21 annuities. Any amount erroneously withheld from an annuity
22 and paid to a State by the Office shall be repaid by the
23 State in accordance with regulations issued by the Office.

24 “(e) For the purpose of this section--

25 “(1) the term ‘State’ means a State, the District of

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1 Columbia, or any territory or possession of the United
2 States; and

3 `` (2) the term 'annuitant' includes a survivor who is
4 receiving an annuity from the Fund.

5 ``§8470. Exemption from legal process; recovery of payments

6 `` (a) An amount payable under subchapter II, IV, or V of
7 this chapter is not assignable, either in law or equity,
8 except under the provisions of section 8465 or 8467 of this
9 title, or subject to execution, levy, attachment, garnishment
10 or other legal process, except as otherwise may be provided
11 by Federal laws.

12 `` (b) Recovery of payments under subchapter II, IV, or V
13 of this chapter may not be made from an individual when, in
14 the judgment of the Office, the individual is without fault
15 and recovery would be against equity and good conscience.
16 Withholding or recovery of money paid under subchapter II,
17 IV, or V of this chapter on account of a certification or
18 payment made by a former employee of the United States in the
19 discharge of his official duties may be made only if the head
20 of the agency on behalf of which the certification or payment
21 was made certifies to the Office that the certification or
22 payment involved fraud on the part of the former employee.

23 [``SUBCHAPTER VII--TO BE PROVIDED]

24 (b) The table of chapters at the beginning of part III of
25 title 5, United States Code, is amended by inserting after

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1 the item relating to chapter 83 the following new item:

``84. Civil Service Supplemental
Retirement System.....8401.``

2 TITLE II--OTHER AMENDMENTS TO TITLE 5 OF THE UNITED STATES

3 CODE

4 SEC. 201. TREATMENT UNDER CHAPTER 83 OF CERTAIN INDIVIDUALS

5 EXCLUDED FROM CHAPTER 84.

6 (a) DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.--(1) Section
7 8334 of title 5, United States Code, is amended by adding at
8 the end thereof the following:

9 `` (k)(1) Effective with respect to pay periods beginning
10 after December 31, 1986, and except as provided in paragraph
11 (4) of this subsection, in administering this section in the
12 case of an individual described in section 8402(b)(2) of this
13 title--

14 `` (A) the amount to be deducted and withheld by the
15 employing agency shall be determined in accordance with
16 paragraph (2) of this subsection instead of the first -
17 sentence of subsection (a)(1) of this section; and

18 `` (B) the amount of the contribution under the second
19 sentence of subsection (a)(1) of this section shall be
20 the amount which would have been contributed under such
21 sentence if this subsection had not been enacted.

22 `` (2)(A) With respect to Federal wages of an employee or
23 Member (or that portion thereof) not exceeding the

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1 contribution and benefit base during the calendar year
2 involved, the appropriate amount to be deducted and withheld
3 under this subsection is the amount by which--

4 ``(i) the total deduction for those wages (or for
5 that portion) exceeds;

6 ``(ii) the OASDI contribution with respect to those
7 wages (or that portion).

8 ``(B) With respect to any portion of Federal wages of an
9 employee or Member which exceed the contribution and benefit
10 base during the calendar year involved, the appropriate
11 amount to be deducted and withheld under this subsection is
12 an amount equal to the total deduction for that portion.

13 ``(C) For purposes of this paragraph--

14 ``(i) the term 'Federal wages' means basic pay for
15 service as an employee or Member, as the case may be;

16 ``(ii) the term 'contribution and benefit base' means
17 the contribution and benefit base in effect with respect
18 to the period involved, as determined under section 230
19 of the Social Security Act;

20 ``(iii) the term 'total deduction', as used with
21 respect to any Federal wages (or portion thereof), means
22 an amount equal to the amount of those wages (or of that
23 portion), multiplied by the percentage which (but for
24 this subsection) would apply under the first sentence of
25 subsection (a)(1) with respect to the individual

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1 involved; and

2 “(iv) the term ‘OASDI contribution’, with respect to
3 any income, means the amount of tax which may be imposed
4 under section 3101(a) of the Internal Revenue Code of
5 1954 with respect to such income (determined without
6 regard to any income which is not a part of Federal
7 wages).

8 “(3) The amount of a deposit under subsection (c) of
9 this section for any service with respect to which paragraph
10 (1) of this subsection applies shall be equal to an amount
11 determined based on the preceding provisions of this
12 subsection, and shall include interest.

13 “(4) This subsection shall not apply with respect to an
14 individual who has made an election under section 301(a) of
15 the Civil Service Supplemental Retirement System Act of 1986
16 to become subject to chapter 84 of this title.”.

17 (2) Such section 8334 is further amended--

18 (A) in paragraphs (1) and (2) of subsection (e), by
19 striking out “or (j)” and inserting in lieu thereof
20 “(j), or (k)”;

21 (B) in subsection (f), by inserting “or (k)” after
22 “subsection (a)”;

23 (C) in subsection (h), by striking out “and (j)”
24 and inserting in lieu thereof “(j), and (k)”.

25 (b) OFFSET IN BENEFITS.--(1) Subchapter III of chapter 83

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1 of title 5, United States Code, is amended by adding at the
2 end thereof the following:

3 ``§8349. Offset relating to certain benefits under the Social
4 Security Act

5 `` (a)(1) Notwithstanding any other provision of this
6 subchapter, and except as provided in subsection (d) of this
7 section, the annuity payable to an individual described in
8 section 8402(b)(2) of this title for any month (beginning
9 with the month in which such individual attains the minimum
10 age for old-age insurance benefits under title II of the
11 Social Security Act) shall be equal to the amount by which--

12 `` (A) the annuity which would otherwise be payable to
13 such individual under this subchapter for such month,
14 exceeds

15 `` (B) the amount determined under paragraph (2) of
16 this subsection with respect to such individual (not to
17 exceed the amount of any old-age insurance benefits which
18 are payable, or would on proper application be payable,
19 to such individual for such month under title II of the
20 Social Security Act).

21 `` (2) The applicable amount under this paragraph for any
22 individual is an amount computed using the method set forth
23 in section 8421(b) of this title, except that the numerator
24 of the fraction under paragraph (3) of such section 8421(b)
25 shall be based on years of service within the meaning of

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1 subsection (c) of this section.

2 “(b)(1) Notwithstanding any other provision of this
3 subchapter, and except as provided in subsection (d) of this
4 section, a disability annuity or survivor annuity payable
5 under this subchapter to a person for any month based on the
6 service of an individual described in section 8402(b)(2) of
7 this title shall be reduced by an amount equal to a portion
8 of any similar benefits which are payable (or would, on
9 proper application, be payable) to such person under title II
10 of the Social Security Act for such month to the extent that
11 such benefits are (or would be) based on the wages and
12 self-employment income of such individual and (as determined
13 under paragraph (2)) attributable to service (within the
14 meaning of subsection (c)) performed by such individual.

15 “(2) The Office shall prescribe regulations, consistent
16 with subsection (a) of this section, to carry out this
17 subsection.

18 “(c) For the purpose of this section, the term ‘service’
19 means service which is employment for purposes of title II of
20 the Social Security Act and chapter 21 of the Internal
21 Revenue Code of 1954 by reason of the amendments made by
22 section 101 of the Social Security Amendments of 1983.

23 “(d) This section shall not apply with respect to any
24 annuity, or survivor annuity, which is based on the service
25 of an individual who has made an election under section

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1 301(a) of the Civil Service Supplemental Retirement System
2 Act of 1986 to become subject to chapter 84 of this title.''.
3

4 (2) The analysis for chapter 83 of title 5, United States
5 Code, is amended by adding at the end thereof the following
6 new item:

7 ``8349. Offset relating to certain benefits under the Social
8 Security Act.''.
9

10 (c) CREDITABILITY OF INTERIM SERVICE.--Section 8332 of
11 title 5, United States Code, is amended by adding at the end
12 thereof the following:

13 `` (n)(1) Except as provided in paragraph (3) of this
14 subsection, credit shall be allowed for interim covered
15 service by an individual described in section 8402(b)(2) of
16 this title without regard to the deposit requirements of
17 section 206(b)(3) of the Federal Employees' Retirement
18 Contribution Temporary Adjustment Act of 1983.

19 `` (2) For the purpose of this subsection, 'interim
20 covered service' means interim covered service (as defined by
21 section 206(a) of the Act referred to in paragraph (1)) with
22 respect to which deductions and withholdings under section
23 204(a)(1) of such Act have been made.

24 `` (3) This subsection shall not apply with respect to any
25 individual who has made an election under section 301(a) of
26 the Civil Service Supplemental Retirement System Act of 1986
27 to become subject to chapter 84 of this title.''.
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1 **SEC. 202. NON-APPLICABILITY OF CHAPTER 83 TO INDIVIDUALS**
2 **UNDER CHAPTER 84.**

3 (a) **EMPLOYEES.**--Section 8331(1)(ii) of title 5, United
4 States Code, is amended to read as follows:

5 `` (ii) an employee subject to the Civil Service
6 Supplemental Retirement System or another retirement
7 system for Government employees; ``.

8 (b) **MEMBERS OF CONGRESS.**--Section 8331(2) of title 5,
9 United States Code, is amended by striking the semicolon and
10 inserting in lieu thereof `` , but does not include any such
11 Member of Congress who is subject to the Civil Service
12 Supplemental Retirement System or who makes an election under
13 section 8401(20) of this title not to be subject to such
14 System. ``.

15 **[SEC. 203. PAY FOR THE EXECUTIVE DIRECTOR OF THE FEDERAL**
16 **RETIREMENT THRIFT INVESTMENT BOARD.**

17 Section 5314 of title 5, United States Code, is amended
18 by adding at the end thereof the following:

`` Executive Director, Federal Retirement Thrift
Investment Board. ``.]

19 **SEC. 204. ALTERNATIVE FORMS OF ANNUITIES.**

20 (a) **IN GENERAL.**--Title 5, United States Code, is amended
21 by inserting after section 8343 the following:

22 `` §8343a. Alternative forms of annuities

23 `` (a) The Office of Personnel Management shall prescribe

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1 regulations under which an employee or Member may, at the
2 time of retiring under this subchapter (other than under
3 section 8337 of this title), elect annuity benefits under
4 this section instead of any other benefits under this
5 subchapter (including any benefits under section 8341 of this
6 title) based on the service of the employee or Member.

7 “(b) Subject to subsection (c), the Office shall by
8 regulation provide for such alternative forms of annuities as
9 the Office considers appropriate, except that among the
10 alternatives offered shall be--

11 “(1) an alternative which provides for--

12 “(A) payment of the lump-sum credit to the
13 employee or Member; and

14 “(B) payment of an annuity to the employee or
15 Member for life; and

16 “(2) in the case of an employee or Member who is
17 married at the time of retirement, an alternative which
18 provides for--

19 “(A) payment of the lump-sum credit to the
20 employee or Member; and

21 “(B) payment of an annuity to the employee or
22 Member for life, with a survivor annuity payable for
23 the life of a surviving spouse.

24 “(c) Each alternative provided for under subsection (b)
25 shall, to the extent practicable, be designed such that the

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1 total value of the benefits provided under such alternative
2 (including any lump-sum credit) is actuarially equivalent to
3 the value of the annuity which would otherwise be provided
4 the employee or Member under this subchapter, as computed
5 under subsections (a)-(i) and (n) of section 8339 of this
6 title.

7 `` (d) An employee or Member who, at the time of retiring
8 under this subchapter--

9 `` (1) is married, shall be ineligible to make an
10 election under this section unless a waiver is made under
11 section 8339(j)(1) of this title; or

12 `` (2) has a former spouse, shall be ineligible to
13 make an election under this section if the former spouse
14 is entitled to benefits under section 8341(h) of this
15 title (based on the service of the employee or Member)
16 under the terms of a decree of divorce or annulment, or a
17 court order or court-approved property settlement
18 incident to any such decree, with respect to which the
19 Office has been duly notified.

20 `` (e) An employee or Member who is married at the time of
21 retiring under this subchapter and who makes an election
22 under this section may, during the 18-month period beginning
23 on the date of retirement, make the election provided for
24 under section 8339(o) of this title, subject to the deposit
25 requirement thereunder.''. .

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1 (b) CHAPTER ANALYSIS.--The analysis for chapter 83 of
2 title 5, United States Code, is amended by inserting after
3 the item relating to section 8343 the following:

``8343a. Alternative forms of annuities.''.

4 SEC. 205. RETIREMENT COUNSELING.

5 [To be provided.]

6 SEC. 206. MISCELLANEOUS AMENDMENTS.

7 (a) AMENDMENT TO SECTION 2105.--Section 2105(c)(2) of
8 title 5, United States Code, is amended by striking out
9 ``chapter 81'' and inserting in lieu thereof ``chapter 81,
10 chapter 84,''.

11 (b) AMENDMENT TO SECTION 2109.--Section 2109(1) of title
12 5, United States Code, is amended to read as follows:

13 `` (1) 'air traffic controller' or 'controller' means
14 a civilian employee of the Department of Transportation
15 or the Department of Defense who, in an air traffic
16 control facility or flight service station facility--

17 `` (A) is actively engaged--

18 `` (i) in the separation and control of air
19 traffic; or

20 `` (ii) in providing preflight, inflight, or
21 airport advisory service to aircraft operators;

22 or

23 `` (B) is the immediate supervisor of any employee
24 described in subparagraph (A); and''.

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1 (c) AMENDMENT TO SECTION 6301.--Section 6301(2)(B) of
2 title 5, United States Code, is amended to read as follows:

3 `` (B) an individual first employed by the
4 government of the District of Columbia before October
5 1, 1987; ``.

6 (d) AMENDMENT TO SECTION 6303.--The second sentence of
7 section 6303(a) of title 5, United States Code, is amended by
8 striking out ``title.`` and inserting in lieu thereof ``title
9 and all service creditable under section 8411 of this title
10 for the purpose of chapter 84 of this title.``.

11 (e) AMENDMENTS TO SECTION 8331.--Section 8331(1) of title
12 5, United States Code, is amended--

13 (1) by amending subparagraph (G) to read as follows:

14 `` (G) an individual first employed by the
15 government of the District of Columbia before October
16 1, 1987; ``; and

17 `` (2) by striking out ``or`` at the end of clause
18 (viii), by striking out the period at the end of clause
19 (ix) and inserting in lieu thereof ``; or``, and by
20 adding after clause (ix) the following:

21 `` (x) an employee under the Botanic Garden
22 excluded by the Director or Acting Director of the
23 Botanic Garden under section 8347(1) of this
24 title. ``.

25 (f) AMENDMENTS TO SECTION 8332.--(1) Section 8332(b) of

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1 title 5, United States Code, is amended--

2 (A) by striking the period at the end of the second
3 paragraph (13) and inserting in lieu thereof ``; and'';

4 (B) by adding after such paragraph (13) the
5 following:

6 `` (14) subject to sections 8334(c) and 8339(i) of
7 this title, service performed on or after January 3,
8 1969, and before January 4, 1973, as the Washington
9 Representative for Guam or the Washington Representative
10 for the Virgin Islands, only if the individual serves as
11 a Member for a period of at least five years after
12 January 2, 1973.``; and

13 (C) by adding at the end thereof the following: ``For
14 the purposes of this subchapter, service of the type
15 described in paragraph (14) of this subsection shall be
16 considered member service.``.

17 (2) The second sentence of section 8332(k)(1) of title 5,
18 United States Code, is amended by striking out ``second`` and
19 inserting in lieu thereof ``third``.

20 (g) AMENDMENTS TO SECTION 8348.--Section 8348(a) of title
21 5, United States Code, is amended--

22 (1) in paragraph (1)(A), by striking out
23 ``subchapter;`` and inserting in lieu thereof
24 ``subchapter or by the provisions of chapter 84 of this
25 title which relate to benefits payable out of the

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1 Fund;'';

2 (2) in paragraph (1)(B)--

3 (A) by inserting ``or 8462'' after ``8340''; and

4 (B) by striking out ``title, and'' and inserting
5 in lieu thereof ``title or subchapters II and IV of
6 chapter 84 of this title, and''; and

7 (3) in paragraph (2), by striking out ``chapter'' and
8 inserting in lieu thereof ``chapter, chapter 84 of this
9 title,``.

10 (h) AMENDMENT TO SECTION 8701.--Section 8701(a)(6) of
11 title 5, United States Code, is amended to read as follows:

12 `` (6) an individual first employed by the government
13 of the District of Columbia before October 1, 1987;``.

14 (i) AMENDMENTS TO SECTION 8901.--Section 8901 of title 5,
15 United States Code, is amended--

16 (1) by amending paragraph (1)(E) to read as follows:

17 `` (E) an individual first employed by the
18 government of the District of Columbia before October
19 1, 1987;``;

20 (2) by amending paragraph (3)(A) to read as follows:

21 `` (A) an employee who retires--

22 `` (i) on an immediate annuity under
23 subchapter III of chapter 83 of this title, or
24 another retirement system for employees of the
25 Government, after 5 or more years of service;

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1 ``(ii) under section 8412 or 8414 of this
2 title; or

3 ``(iii) for disability under subchapter III
4 of chapter 83 of this title, chapter 84 of this
5 title, or another retirement system for employees
6 of the Government;'';

7 (3) in paragraph (4), by inserting ``or chapter 84''
8 after ``83'';

9 (4) in paragraph (10)(C)(i), by inserting ``or 8467''
10 after ``8345(j)'' , by inserting ``or 8445'' after
11 ``8341(h)'' , and by striking out ``System),'' and
12 inserting in lieu thereof ``System or the Civil Service
13 Supplemental Retirement System),''; and

14 (5) in paragraph (10)(C)(ii)--

15 (A) by striking out ``or 8345(j)'' and inserting
16 in lieu thereof ``8345(j), 8445, or 8467'' and by
17 striking out ``System)'' and inserting in lieu
18 thereof ``System or the Civil Service Supplemental
19 Retirement System)''; and

20 (B) by inserting ``or 8417(b)'' after
21 ``8339(j)(3)''.

22 (j) AMENDMENTS TO SECTION 8905.--Section 8905(c)(1) of
23 title 5, United States Code, is amended--

24 (1) in subparagraph (B), by inserting ``or 8417(b)''
25 after ``8339(j)(3)''; and

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1 (2) in the second sentence, by striking out ``or
2 8345(j)`` and inserting in lieu thereof ``8345(j), 8445,
3 or 8467``.

4 TITLE III--MISCELLANEOUS PROVISIONS

5 SEC. 301. ELECTIONS.

6 (a) ELECTIONS FOR INDIVIDUALS SUBJECT TO CHAPTER

7 83.--(1)(A) Any individual (other than an individual under
8 subsection (b)) who, as of June 30, 1987, is employed by the
9 Federal Government, and who is then subject to subchapter III
10 of chapter 83 of title 5, United States Code, may elect to
11 become subject to chapter 84 of such title.

12 (B) An election under this paragraph may not be made
13 before July 1, 1987, or after December 31, 1987.

14 (2)(A) Any individual who, after June 30, 1987, becomes
15 reemployed by the Federal Government, and who is then subject
16 to subchapter III of chapter 83 of title 5, United States
17 Code, may elect to become subject to chapter 84 of such
18 title.

19 (B) An election under this paragraph shall not be
20 effective unless it is made during the six-month period
21 beginning on the date on which reemployment commences.

22 (b) ELECTIONS FOR CERTAIN INDIVIDUALS SERVING

23 CONTINUOUSLY SINCE DECEMBER 31, 1983.--The following rules
24 shall govern in the case of any individual described in
25 section 8402(b)(1) of title 5, United States Code:

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1 (1) If, as of December 31, 1986, the individual is
2 subject to subchapter III of chapter 83 of title 5,
3 United States Code, (but is not subject to section 204 of
4 the Federal Employees' Retirement Contribution Temporary
5 Adjustment Act of 1983) the individual shall remain so
6 subject to such subchapter unless the individual elects,
7 after June 30, 1987, and before January 1, 1988--

8 (A) to become subject to such subchapter under
9 the same terms and conditions as apply in the case of
10 an individual described in section 8402(b)(2) of such
11 title who is subject to such subchapter; or

12 (B) to become subject to chapter 84 of such
13 title.

14 An individual eligible to make an election under this
15 paragraph may make the election described in subparagraph
16 (A) or (B), but not both.

17 (2) If, as of December 31, 1986, the individual is
18 subject to subchapter III of chapter 83 of title 5,
19 United States Code, (and is also subject to section 204
20 of the Federal Employees' Retirement Contribution
21 Temporary Adjustment Act of 1983) the individual--

22 (A) shall, as of January 1, 1987, become subject
23 to such subchapter under the same terms and
24 conditions as apply in the case of an individual
25 described in section 8402(b)(2) of such title who is

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1 subject to such subchapter; and

2 (B) may (during the six-month period described in
3 subsection (a)(1)(B)) elect to become subject to
4 chapter 84 of such title.

5 (3)(A) If, as of December 31, 1986, the individual is
6 not subject to subchapter III of chapter 83 of title 5,
7 United States Code, the individual may, during the six-
8 month period described in subsection (a)(1)(B), and if
9 such individual has not since become subject to such
10 subchapter pursuant to notification under section 8331(2)
11 of such title, elect--

12 (i) to become subject to such subchapter under
13 the same terms and conditions as apply in the case of
14 an individual described in section 8402(b)(2) of such
15 title who is subject to such subchapter; or

16 (ii) to become subject to chapter 84 of such
17 title.

18 An individual eligible to make an election under this
19 subparagraph may make the election described in clause
20 (i) or (ii), but not both.

21 (B) An individual who makes an election under
22 subparagraph (A) ceases to be eligible to make an
23 election (pursuant to notification under section 8331(2)
24 of title 5, United States Code) to become subject to
25 subchapter III of chapter 83 of such title.

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1 (C) Nothing in this paragraph shall preclude an
2 individual from providing notification under section
3 8331(2) of this title if such individual is eligible to
4 make an election under subparagraph (A), but has made no
5 such election as of the time of providing such
6 notification.

7 (c) EFFECTIVE DATE; IRREVOCABILITY.--An election made
8 under this section--

9 (1) shall take effect beginning with the first pay
10 period beginning on or after the 30th day following the
11 date of the election; and

12 (2) shall be irrevocable.

13 · (d) CONDITION FOR MAKING AN ELECTION.--(1) An election
14 under this section to become subject to chapter 84 of title
15 5, United States Code, shall not be considered effective in
16 the case of an individual having one or more former spouses,
17 unless the election is made with the written consent of such
18 former spouse (or each such former spouse, if there is more
19 than one).

20 (2)(A) This subsection applies with respect to a former
21 spouse who (based on the service of the individual involved)
22 is entitled to benefits under section 8341(h) or 8345(j) of
23 title 5, United States Code, under the terms of a decree of
24 divorce or annulment, or a court order or court-approved
25 property settlement incident to any such decree, with respect

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1 to which the Office has been duly notified.

2 (B) This subsection does not apply with respect to a
3 former spouse who has ceased to be so entitled as a result of
4 remarrying before age 55.

5 (3) The requirement under paragraph (1) shall be
6 considered satisfied with respect to a former spouse if the
7 individual seeking to make the election establishes to the
8 satisfaction of the Office (in accordance with regulations
9 prescribed by the Office)--

10 (A) that the former spouse's whereabouts cannot be
11 determined; or

12 (B) that, due to exceptional circumstances, requiring
13 the individual to seek the former spouse's consent would
14 otherwise be inappropriate.

15 (e) EXCLUSIONS.--This section does not apply to an
16 individual under section 8331(1)(G) or 8344 of title 5,
17 United States Code.

18 SEC. 302. EFFECT OF AN ELECTION UNDER SECTION 301 TO BECOME
19 SUBJECT TO CHAPTER 84.

20 (a) GENERAL AND SPECIAL RULES.--All provisions of chapter
21 84 of title 5, United States Code, (including those relating
22 to disability benefits, survivor benefits, and any reductions
23 to provide for survivor benefits) shall apply with respect to
24 any individual who becomes subject to such chapter pursuant
25 to an election under section 301, subject to the following:

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1 (1)(A) Any civilian service which is performed before
2 the effective date of the election under section 301
3 shall not be creditable under chapter 84, except as
4 otherwise provided in this subsection.

5 (B) Any service described in subparagraph (A) which
6 would be creditable under the provisions of subchapter
7 III of chapter 83 of title 5, United States Code, as in
8 effect on December 31, 1986, shall be creditable for
9 purposes of--

10 (i) section 8410 of title 5, United States Code,
11 relating to the minimum period of civilian service
12 required to be eligible for an annuity;

13 (ii) any provision of section 8412, 8413, 8414,
14 8442(b)(1)(B), or 8451 of such title which relates to
15 a minimum period of service for entitlement to an
16 annuity;

17 (iii) the provisions of paragraph (4) or (6); and
18 [(iv) eligibility to participate under subchapter
19 III.]

20 (2)(A) Any military service which is performed before
21 the effective date of the election under section 301
22 shall not be creditable under chapter 84, except as
23 otherwise provided in this subsection.

24 (B) Service described in subparagraph (A) which would
25 be creditable under the provisions of subchapter III of

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1 chapter 83 of title 5, United States Code, as in effect
2 on December 31, 1986, shall be creditable for purposes
3 of--

4 (i) any provision of section 8412, 8413, or 8414
5 of such title which relates to a minimum period of
6 service for entitlement to an annuity; and

7 (ii) the provisions of paragraph (4).

8 (3)(A) If the electing individual becomes entitled to
9 an annuity under subchapter II of chapter 84 of title 5,
10 United States Code, or dies leaving a survivor or
11 survivors entitled to benefits under subchapter IV of
12 such chapter, the annuity for such individual shall be
13 equal to the sum of the individual's accrued benefits
14 under the Civil Service Retirement System (as determined
15 under paragraph (4)) and the individual's accrued
16 benefits under the Civil Service Supplemental Retirement
17 System (as determined under paragraph (5)).

18 (B) An annuity computed under this paragraph shall be
19 deemed to be the individual's annuity computed under
20 section 8415 of title 5, United States Code.

21 (4) Accrued benefits under this paragraph shall be
22 computed under section 8339 of title 5, United States
23 Code, (but without regard to subsection (j) or (k), or
24 the second sentence of subsection (e), of such section)
25 using the civilian service described in paragraph (1)(B)

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1 and the military service described in paragraph (2)(B).

2 (5) Accrued benefits under this paragraph shall be
3 computed under section 8415 of title 5, United States
4 Code, using the total service which is--

5 (A) creditable under subchapter II of chapter 84
6 of such title; and

7 (B) performed on or after the effective date of
8 the election under section 301.

9 (6)(A) For purposes of any computation under
10 paragraph (4) or (5), the average pay to be used shall be
11 the largest annual rate resulting from averaging the
12 individual's rates of basic pay in effect over any 3
13 consecutive years of creditable service or, in the case
14 of an annuity based on service of less than 3 years, over
15 the total period of service so creditable, with each rate
16 weighted by the period it was in effect.

17 (B) For purposes of subparagraph (A), a period of
18 service shall be considered creditable if it would be
19 considered creditable for purposes of determining average
20 pay under chapter 83 or 84 of title 5, United States
21 Code.

22 (7) The cost-of-living adjustments for the annuity of
23 the electing individual shall be made as follows:

24 (A) The portion of the annuity attributable to
25 paragraph (4) shall be adjusted at the time and in

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1 the amount provided for under section 8340 of title
2 5, United States Code.

3 (B) The portion of the annuity attributable to
4 paragraph (5) shall be adjusted at the time and in
5 the amount provided for under section 8462 of title
6 5, United States Code.

7 (8) For purposes of any computation under paragraph
8 (4) in the case of an individual who retires under
9 section 8412 or 8414 of title 5, United States Code, or
10 who dies leaving a survivor or survivors entitled to
11 benefits under subchapter IV of such chapter, sick leave
12 creditable under section 8339(m) of such title shall be
13 equal to the number of days of unused sick leave to the
14 individual's credit as of the date of retirement or as of
15 the effective date of the individual's election under
16 section 301, whichever is less.

17 (9) In computing the annuity under paragraph (3) for
18 an individual retiring under section 8412(g) or 8413(b)
19 of title 5, United States Code, the reduction under
20 section 8415(f) of such title shall apply with respect to
21 the sum computed under such paragraph.

22 (10) An annuity supplement under section 8421 of
23 title 5, United States Code, shall be computed using the
24 same service as is used for the computation under
25 paragraph (5).

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1 (11) Effective from its commencing date, an annuity
2 payable to an annuitant's survivor (other than a child
3 under section 8443 of title 5, United States Code) shall
4 be increased by the total percentage by which the
5 deceased annuitant's annuity would have been increased
6 (during the period beginning on the date the deceased
7 annuitant's annuity commenced and ending on the date of
8 the deceased annuitant's death) if it had been subject to
9 adjustment under section 8462 of such title, rather than
10 under paragraph (7).

11 (b) CHAPTER 83 GENERALLY INAPPLICABLE.--(1) Except as
12 provided in subsection (a) or paragraph (2), subchapter III
13 of chapter 83 of title 5, United States Code, shall not apply
14 with respect to any individual who becomes subject to chapter
15 84 of title 5, United States Code, pursuant to an election
16 under section 301.

17 (2) Nothing in this subsection shall preclude--

18 (A) the making of a deposit under subchapter III of
19 chapter 83 of title 5, United States Code, for purposes
20 of making creditable under such subchapter any period of
21 military or civilian service performed before the
22 effective date of the election under section 301; or

23 (B) the payment of any lump-sum benefit under section
24 8342 of such title.

25 (c) REFUND.--(1) An individual who makes an election

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1 under section 301(b)(1) is entitled to a refund equal to the
2 difference between--

3 (A) the total contributions made by such individual
4 under subchapter III of chapter 83 of title 5, United
5 States Code, for the period beginning on January 1, 1984,
6 and ending on the effective date of the election; and

7 (B) the total amount which would have been deducted
8 from basic pay during that same period if such individual
9 had instead been subject--

10 (i) with respect to any portion of such period
11 which occurred before January 1, 1987, to subchapter
12 III of chapter 83 of title 5, United States Code (and
13 to section 204 of the Federal Employees' Retirement
14 Contribution Temporary Adjustment Act of 1983); and

15 (ii) with respect to any portion of such periods
16 which occurred after December 31, 1986, to such
17 subchapter III under the same terms and conditions as
18 apply in the case of an individual described in
19 section 8402(b)(2) of such title who is subject to
20 such subchapter.

21 (2) A refund under this subsection shall be paid with
22 interest, computed at an appropriate rate under section
23 8334(e) of title 5, United States Code.

24 SEC. 303. AMENDMENTS RELATING TO SOCIAL SECURITY.

25 (a) AMENDMENTS TO SOCIAL SECURITY ACT.--Section 210(a)(5)

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1 of the Social Security Act is amended--

2 (1) by striking out ``or`` at the end of subparagraph

3 (F);

4 (2) by striking out the semicolon at the end of
5 subparagraph (G) and inserting in lieu thereof `` , or ``;

6 and

7 (3) by adding at the end thereof the following:

8 `` (H) service performed by an individual who has,
9 at any time, made an election under section 301(a) of
10 the Civil Service Supplemental Retirement System Act
11 of 1986 to become subject to chapter 84 of title 5,
12 United States Code; ``.

13 (b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF

14 1954.--Section 3121(b)(5) of the Internal Revenue Code of
15 1954 is amended--

16 (1) by striking out ``or`` at the end of subparagraph
17 (F);

18 (2) by striking out the semicolon at the end of
19 subparagraph (G) and inserting in lieu thereof `` , or ``;
20 and

21 (3) by adding at the end thereof the following:

22 `` (H) service performed by an individual who has,
23 at any time, made an election under section 301(a) of
24 the Civil Service Supplemental Retirement System Act
25 of 1986 to become subject to chapter 84 of title 5,

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1 United States Code;''.

2 SEC. 304. EXTENSION OF FEDERAL EMPLOYEES' RETIREMENT

3 CONTRIBUTION TEMPORARY ADJUSTMENT ACT OF 1983.

4 The Federal Employees' Retirement Contribution Temporary
5 Adjustment Act of 1983 (97 Stat. 1106; 5 U.S.C. 8331 note) is
6 amended--

7 (1) in sections 202(1), 202(6), 203(a)(4)(A),
8 203(a)(4)(B), 204(a), 206(b)(2)(A)(i), and 206(c)(3), by
9 striking out ``January 1, 1986'' each place it appears
10 and inserting in lieu thereof ``January 1, 1987''; and

11 (2) in subsections (b) and (c) of section 205, by
12 striking out ``and 1986'' and inserting in lieu thereof
13 ``1986, and 1987''.

14 SEC. 305. APPLICABILITY TO THE UNITED STATES POSTAL SERVICE.

15 Section 1005(d) of title 39, United States Code, is
16 amended to read as follows:

17 ``(d) Officers and employees of the Postal Service (other
18 than the Governors) shall be covered by chapters 83 and 84 of
19 title 5. The Postal Service shall withhold from pay and shall
20 pay into the Civil Service Retirement and Disability Fund the
21 amounts specified in or determined under such chapter 83 and
22 subchapter II of such chapter 84, respectively. The Postal
23 Service shall pay into the Federal Retirement Thrift Savings
24 Fund the amounts specified in or determined under subchapters
25 III and VII of such chapter 84.''. .

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1 SEC. 306. USE OF ``NORMAL-COST PERCENTAGE``.

2 Notwithstanding any other provision of law, the normal-
3 cost percentage (as defined by section 8401(23) of title 5,
4 United States Code, as added by this Act) of the Civil
5 Service Supplemental Retirement System shall be used to value
6 the cost of the System for all purposes in which the cost of
7 the System is required to be determined by the Federal
8 Government, including in any comparisons between the cost of
9 performing commercial activities under contract with
10 commercial sources and the cost of performing those
11 activities using Government facilities and personnel.

12 [SEC. 307. TO BE PROVIDED--NAF STUDY]

13 TITLE IV--AUTHORIZATION OF APPROPRIATIONS; EFFECTIVE DATES

14 [SEC. 401. AUTHORIZATION OF APPROPRIATIONS FOR CERTAIN

15 EXPENSES OF THE FEDERAL RETIREMENT THRIFT

16 INVESTMENT MANAGEMENT SYSTEM.

17 (a) TEMPORARY ALTERNATIVE FUNDING.--Notwithstanding
18 section 8434(c)(3) of title 5, United States Code (as added
19 by section 101 of this Act), the expenses incurred in the
20 administration of the Federal Retirement Thrift Investment
21 Management System under subchapter VII of chapter 84 of such
22 title (as so added) during fiscal years 1986 and 1987 shall
23 be paid from sums appropriated pursuant to subsection (b).

24 (b) AUTHORIZATION OF APPROPRIATIONS.--There are
25 authorized to be appropriated to the Federal Retirement

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1 Thrift Investment Board, for fiscal years 1986 and 1987, such
2 sums as may be necessary to pay the expenses incurred in the
3 administration of the Federal Retirement Thrift Investment
4 Management System during such fiscal years.]

5 SEC. 402. EFFECTIVE DATES.

6 (a) IN GENERAL.--Except as provided in subsection (b),
7 this Act and the amendments made by this Act shall take
8 effect on January 1, 1987.

9 [(b) EXCEPTIONS.--(1) Subchapter VII of chapter 84 of
10 title 5, United States Code, as added by section 101 of this
11 Act, shall take effect on the date of the enactment of this
12 Act.

13 (2) Title III of this Act, and the amendments made by
14 such title, shall take effect on the date of the enactment of
15 this Act.

16 (3) The amendments made by section 205 of this Act shall
17 take effect on the date of the enactment of this Act.]

18 (c) FIRST COST-OF-LIVING ADJUSTMENT.--(1) For purposes of
19 the first adjustment under subsection (b) of section 8462 of
20 title 5, United States Code (as added by section 101 of this
21 Act), the base quarter ending on September 30, 1986, shall be
22 considered to have been the base quarter for a year in which
23 an adjustment under such subsection was made.

24 (2) As used in paragraph (1), the term ``base quarter``
25 has the meaning provided by section 8462(a)(1) of title 5,

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1 United States Code (as added by section 101 of this Act).